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From Invisible Hands to Perversity: "Unintended Consequences" as Neoliberal Rhetoric

Abstract: Conservatives have long argued that progressive government policies tend to backfire (the "perversity thesis"). However, in American political discourse since the 1990s, this argument has been reframed in terms of "*unintended* consequences." The article explores this rhetorical shift by tracing the concept of "unintended consequences" from classical social theory to contemporary public policy debates. It finds that the term was originally associated with the notion of the "invisible hand" of the market, and gradually became aligned with the perversity thesis under the influence of neoconservatism, collective action theories, and Chicago School economics. The article argues that, due to this transformation, the "unintended consequences" rhetoric became especially valuable for neoliberalism, expressing both the efficacy of markets and the perceived failure of the democratic regulatory state. As such, the appeal to "unintended consequences" is revealed as an ideological stance rather than a neutral observation about the effects of progressive reform.

Keywords: neoliberalism, conservatism, political rhetoric, regulation, US public policy

I. Introduction

The simple fact is that almost all of the time markets make the right decisions and consequently government interference with markets can't avoid making things worse.

—Comment by "critic" (Tabarrok 2008)

Since the financial crisis of 2008, many commentators have declared the death of neoliberalism (for example, Mirowski 2013, 27–28; Cayla 2023; Gerstle 2022; Sitaraman 2019; Jacques 2016). Some suggest that neoliberalism—or the renewed vindication of neoclassical free-market doctrines as techniques of governance—has been replaced by populism—the political strategy of pitting "the people" against "the elite" (for example, Mudde 2004). But others suggest that the relation between neoliberalism and populism is more complex than that of mere substitution (Pühringer and Ötsch 2018; Scribano 2019; Slobodian 2019; Scheiring 2022). Understood not in terms of a ruling political order but as "a suite of arguments, dispositions, presuppositions, ways of framing questions, and even visions of social order that get called on to press against democratic claims in the service of market imperatives" (Grewal and Purdy 2014, 2–3), neoliberalism can strategically,

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and perhaps even substantively, coexist with populism. For one thing, the suspicion and resentment toward government regulation that characterize neoliberal politics are clearly embraced by populists as well. Indeed, while national populists hail "the state" as a symbolic entity, they despise its operative mechanisms—the so-called deep state. Manifestations of this resentment, from the Tea Party movement to the attack on the Capitol, may be seen as an outgrowth of neoliberalism's antiregulatory sentiments and its hostility toward democratic institutions (Ricci 2020, 12; Grewal and Purdy 2014, 1, 6–7; Harvey 2005, 66; Brown 2005, 45–47; Kabaservice 2020). Therefore, even in an age of rising populism, those engaged in the study of law and public policy should be mindful of the ways in which neoliberal premises continue to inform political debates.

This article focuses on one prevalent articulation of resentment and distrust toward government regulation in American public policy discourse: the contention that progressive reforms generate "unintended consequences."

Beginning in the early 1990s and gaining traction following the global financial crisis, the "unintended consequences" argument has been featured in numerous policy contexts, from health care, housing, and welfare to finance, labor, and environmental protection. It professes to be a value-neutral, empirical claim about the *predictable* and *perverse* outcomes of policies "intervening" in the market, and it is often immersed in economic reasoning, thus implying the sophistication of the critic and, reciprocally, the naivete of the progressive reformer (Aune 2001, 11, 40; Popp Berman 2022, 116, 217–24; Peinert 2022; Hirschman 1991, 43).

The economic style and fact-based appearance of the "unintended consequences" argument make it hard to counter, and it is usually left without an effective rebuttal (compare Kennedy 2023, 240–41). Yet, as this article aims to demonstrate, often the argument is not an empirical prediction but an ideological contention, grounded in a set of contested premises about the "the state" and "the market" as competing social constructs,[1] and the superiority of (a specific version of) the latter as a mode of governance. Once these covert premises are recognized, the "unintended consequences" argument can be fairly weighed against arguments for progressive reform.

In order to flesh out the ideological premises underlying the "unintended consequences" argument, the article tracks the history of the concept of "unintended consequences" in social theory. This history indicates the breadth of the concept and the different ideological trajectories it may potentially assume.[2] The article then suggests that the substrate of the rising popularity of "unintended consequences" as political argument is the association that had developed between sociological insights about the unanticipated outcomes of human action and conservative economic ideas about the failings of the democratic regulatory state. This association, I argue, reoriented the original meaning of "unintended consequences" in ways that made it distinctly suitable for expressing neoliberal policy agendas, and thus bolstered its proliferation in policy discourse.

The purpose of this genealogical-deconstructive move is not to argue that the "unintended consequences" argument is necessarily false or objectionable, but to reveal a dominant ideological trajectory in its contemporary usage and facilitate a principled response. Indeed, it is clearly true that every human action has some unintended consequences. Sometimes the unintended consequences will be negative, and sometimes these negative unintended consequences will

[1] A major point stressed by Realists and Critical Legal Studies and Law and Political Economy scholars is the extent to which (state-imposed) law structures markets (see, for example, Hale 1923; Kennedy 1985, 958–67; McCluskey 2005; Harris and Varellas 2020, 1, 5, 8–10).

[2] The article thus employs a broad theoretical and historical perspective. For a context-specific analysis, see McCluskey (2012) (deconstructing the "unintended consequences" narrative in the context of the 2008 financial crisis).

outweigh the positive, intended ones. But this will not *necessarily* be the case (Kennedy 1976, 1749). Hence, to a great extent, the value of an "unintended consequences" argument depends on the critic's ability to make a context-specific, evidence-based case for the devastating consequences of a particular policy. Without such indications, the argument for "unintended consequences" merely restates, in an entirely abstract manner, one possible position in the ongoing controversy about the design and regulation of markets, and offers little contribution to practical policy debates.

II. The Rise of Unintended Consequences

Social theorists have long noted that political action is not only prone to failure, but may actually produce the *opposite* of its intended consequences (for example, Weber 1946, 117; Tocqueville 1980, 230–32). Yet, interestingly, the latter concern has been voiced mostly in the context of *progressive* government reforms, that is, those aiming to increase social welfare or equality. Thus, for example, Lyndon Johnson's "war on poverty" initiatives in the 1960s have been blamed for perpetuating economic distress instead of alleviating it (Glazer 1971; Murray 1984; Gillon 2000); opponents of minimum-wage legislation regularly maintain that it results in lower employment rates, thus intensifying poverty among low-income workers (Friedman [1962] 2002; Rottenberg 1981) and opponents of universal health coverage argue that it leaves the insured with inferior medical services (Rottenberg 1990; Hyman 2006; Henderson 2010). In fact, the idea that well-intentioned progressive policies lead to perverse results has such a long pedigree in political debates that Albert O. Hirschman has identified it as one of three typical reactionary arguments, naming it the "perversity thesis" (1991, 7–8, 11–12).

The gist of the perversity thesis is that "any purposive action to improve some feature of the political, social or economic order only serves to exacerbate the condition one wishes to remedy" (Hirschman 1991, 7). According to Hirschman, the thesis emerged in the wake of the French Revolution and has since become "the single most popular and effective weapon in the annals of reactionary rhetoric" (ibid. at 140–41), successfully serving opponents of civil rights, universal suffrage, and the welfare state. Indeed, it was the need to respond to "mounting neoconservative critiques of social security and other social welfare programs" (ibid. at 1) that motivated Hirschman—an expert in development economics—to engage with conservative rhetoric to begin with (188).

According to Hirschman, the perversity thesis is particularly useful for conservatives because it helps them disguise their principal aversion to progressive change. By invoking perversity, conservatives can "endorse [a progressive agenda], sincerely or otherwise, but then attempt to demonstrate that the action proposed or undertaken is ill conceived" (Hirschman 1991, 11). Additionally, by presenting the progressive reformer as naive about the actual consequences of her agenda, the perversity thesis conveys an ironic perspective that gives conservatives "a clear edge over progressives" in political debates (ibid. at 165). Yet despite these strengths, Hirschman found the perversity thesis unconvincing. He conceded that public policies may sometimes yield consequences so perverse as to make them undesirable, yet insisted that they may also produce no perverse results, perverse results that do not offset their positive results, or results that are even more positive than expected (166). Moreover, Hirschman argued, policymaking is not a one-shot game, but "a repetitive, incremental activity," and thus "tendencies toward perversity stand a good chance of being detected and corrected" over time (42). While the perversity thesis evokes pessimism and fatalism, Hirschman was an incurable optimist who believed in the power of social activism and "stress[ed] the unique rather than the general, the unexpected rather than the expected, and the possible rather than the probable" (Alacevich 2020, 250–51; Hirschman 1971, 28).

Unsurprisingly, the perversity thesis continued to prosper despite Hirschman's critique. However, around the turn of the twenty-first century—about a decade after Hirschman published his analysis of reactionary rhetoric—something materially changed about the *language* used to articulate this thesis in the American context. In academic scholarship, in popular discourse, and in political debate, the perverse results of progressive government actions were increasingly being described as "*unintended* consequences" (for example, McCluskey 2012, 27).[3]

The change was gradual, yet noticeable. Beginning roughly in the late 1990s, a mounting body of academic studies uncovered the "unintended consequences" of such government policies as setting a minimum drinking age (youth use more marijuana) (DiNardo and Lemieux 2001), placing price controls on health care services (service providers exit the market) (Rouse 2010), increasing a local minimum wage (businesses relocate elsewhere) (Pollin et al. 2002), subsidizing childcare for children with single parents (child-support transfers from the noncustodial parent decrease) (Francesconi et al. 2015), and so on. Many of these studies were conducted by economists, and quite a few were published in the working paper series of the National Bureau of Economic Research (NBER) (for example, Witte et al. 1998; Hall et al. 2008; Boylan and Mocan 2009; Goulder 2009; Helland et al. 2014; Serrato 2014)—a private, nonprofit, nonpartisan economic research organization serving as a professional network for the country's leading economists (Krugman 2013). But legal scholars also embraced "unintended consequences" to describe undesirable effects of regulation (for example, Sims and Herman 1997; Schwartz and Tedesco 2001; Mascharka 2001; Howard 2007; Sevier 2011; Yeh 2013). At the same time, economics blogs and conservative think tanks increasingly featured posts and articles explaining the "unintended consequences" of government policies (for example, R. Roberts 2007; Coulson and McCluskey 2007; Dubner and Levitt 2008; Tabarrok 2008; Norberg 2009; Henderson 2009; Henderson 2010; Shane 2011; Perry 2013; Cochrane 2013; Lammam 2014). Moving further along into the twenty-first century, the Mercatus Center at George Mason University—another conservative hub—also became a key generator of literature on the "unintended consequences" of progressive policies (for example, Coyne 2009; Means 2012; Zywicki and Sarvis 2012; Abdukadirov 2013; Davies 2013).

In the US Congress, the expression "unintended consequences" hit a record of over one thousand appearances in public statements in each of the 110th (2007–2008) and 111th (2009–2010) Congresses—compared with less than one hundred appearances per Congress up to the 1990s.[4]

Admittedly, the expression was invoked by both Republicans and Democrats to criticize or oppose almost every type of legislation. Yet it seems that it was most consistently employed by conservative politicians and representatives of commercial interests to oppose progressive reforms, such as the Patient Protection and Affordable Care Act ("Obamacare")[5] and the Dodd–Frank Wall Street Reform and Consumer Protection Act.[6]

[3] Hirschman (1991, 36) himself observed that "the perverse effect is a special and extreme case of the unintended consequence," a philosophical concept he traces to Vico and Mandeville (ibid. at 35), but he does not suggest that the conservative critics *themselves* are using "unintended consequences" to articulate the perversity thesis.

[4] The data are derived from a search in Congress's online archives (www.congress.gov).

[5] For example, 155 Cong. Rec. S7026 (daily ed., June 25, 2009); 157 Cong. Rec. H7812 (daily ed., Nov. 17, 2011); 158 Cong. Rec. H4725 (daily ed., July 10, 2012); 160 Cong. Rec. S563 (daily ed., Jan. 29, 2014).

[6] For example, 157 Cong. Rec. E1043 (daily ed., June 3, 2011); *Who's in Your Wallet? Dodd-Frank's Impact on Families, Communities, and Small Business: Hearing Before the Subcommittee on Oversight & Investigations of the House Committee on Financial Services*, 112th Cong. 4 (2009), https://www.govinfo.gov/content/pkg/CHRG-112hhrg76117/pdf/CHRG-112hhrg76117.pdf; Hensarling (2012).

Examples are numerous. Adding paid sick days for workers would have the "unintended consequence" of employers eliminating or reducing health-plan benefits;[7] the "unintended consequences" of mortgage cramdown for distressed homeowners "could be killing the housing industry once and for all," 155 Cong. Rec. H3044 (daily ed., Mar. 5, 2009); FCC regulation protecting internet neutrality "is a recipe for producing unintended consequences," as it will "smother creative new uses for the Internet and [slow] the expansion of advanced broadband networks," 158 Cong. Rec. S817 (daily ed., Feb. 17, 2011); limiting overdraft fees "[would] have significant unintended consequences on the availability of services and cost to all checking account customers;"[8] not allowing employers to relocate from a "union State" to a "right-to-work State" will have the "unintended consequence" of businesses "never [locating] in a union State in the first place," 157 Cong. Rec. H6188–89 (daily ed., Sept. 15, 2011); "the unintended consequences of increasing the renewable fuel standard" by turning corn into fuel would be food shortages and the resulting "instability in developing countries," 154 Cong. Rec. H4449 (daily ed., May 21, 2008), and so on and so forth. By 2009, "the idea that government policies have unintended consequences [had] become a fixture of political argument, indeed a cliché" (DeMuth 2009), and it continues to loom large in public policy debates.

What the rising popularity of the phrase "unintended consequences" has somewhat disguised is the apparent incongruity between the language and the meaning. Human action rarely produces only its intended consequences, so simply taking notice of consequences that are "unintended" does not in itself amount to political critique of any kind (for example, Vernon 1979, 35, 59, 71; Aydinonat 2008, 12). But indeed, when opponents of progressive reform speak of "unintended consequences," they clearly mean much more than the mundane observation that government action will have some consequences that were not intended. They are addressing the prospect of *perverse* consequences, suggesting that a policy will backfire altogether. Moreover, the argument for "unintended consequences" is regularly accompanied by predictions about the *specific type* of perverse consequences that will occur if a certain progressive policy is adopted.

Consider, for example, the case of consumer financial protection policy. For decades, every policy regulating consumer credit markets in the United States has been subjected to the perversity thesis. Any restriction on consumer credit transactions, it has been argued, would increase the price of credit and restrict its availability, ultimately hurting those low-income consumers progressive legislatures wish to protect (Faust 2023, 786).

The Credit Card Accountability Responsibility and Disclosure Act of 2009, which expressly prohibited a series of abusive lending practices and substantially limited others, was no exception (Bar-Gill and Bubb 2012). However, this was the first occasion where opponents of consumer credit reform expressed the perversity thesis in terms of the "unintended consequences" of the law. Senator Coleman (R-MN), for example, urged his colleagues to "be mindful of the unintended consequences that sometimes result from federal regulation of the marketplace, consequences like . . . a reduction in the availability of credit to folks with less-than-stellar credit scores," pleading that they "make sure we do not inadvertently harm the very people we are trying to protect."[9] Similarly, Representative Bachus (R-AL) advised members of Congress to "fully understand the consequences, both intended and inadvertent, of our actions," urging that "the bill presents a real

[7] *The Health Families Act: Safeguarding Americans' Livelihood, Families and Health with Paid Sick Days: Hearing of the Senate Committee on Health, Education, Labor, and Pensions*, 110th Cong. 8 (2007), https://www.congress.gov/110/chrg/CHRG-110shrg33446/CHRG-110shrg33446.pdf.

[8] *The Overdraft Protection Act of 2009: Hearing Before the House Committee on Financial Services*, 111th Cong. 8 (2009), https://www.congress.gov/111/chrg/CHRG-111hhrg55815/CHRG-111hhrg55815.pdf.

[9] *Credit Card Practices: Unfair Interest Rate Increases: Hearing Before the Permanent Subcommittee on Investigations of the Senate Committee on Homeland Security & Governmental Affairs*, 110th Cong. 12 (2007), https://www.congress.gov/110/chrg/CHRG-110shrg40504/CHRG-110shrg40504.pdf.

danger of restricting the range of products and services that credit card issuers currently offer, which could result—and I believe *will* result—in cutting off credit to some and raising the price of credit for all."[10] Other members of Congress opposing the legislation employed similar language,[11] and so did representatives of the credit industry.[12]

The case of minimum-wage laws is similar. The claim that a higher minimum wage would result in less employment goes back at least to the mid-twentieth century (Stigler 1946; Friedman [1962] 2002). But it seems that only around the turn of the twenty-first century, the putative unemployment effect is described in political debates as an "unintended consequence" of minimum-wage legislation. Thus, for example, in congressional debates over the Fair Minimum Wage Act of 2007, which incrementally raised the federal minimum wage from $5.15 in 2007 to $7.25 in 2009, Senator Cronyn (R-TX) opposed the legislation by arguing that "[w]hen we put ourselves in the position of Government rather than the market dictating wages, we will *most certainly* see some unintended effects of less opportunity for some of the very American workers whom we are attempting to help," 153 Cong. Rec. S1141 (daily ed., Jan. 25, 2007), and in a hearing on the benefits of minimum-wage increase in 2014, Senator Scott (R-SC) explained the that the "*obvious impact*" of raising the minimum wage would be "to destroy jobs," because "when you price out of the economy the entry-level jobs, the unintended consequences are *obviously* fewer of those jobs."[13] Hence, by invoking the "unintended consequences" argument with respect to proposed legislation, opponents of progressive reform have been stressing both the *perversity* of the consequences and their *predictability*—features clearly exceeding the literal meaning of "unintended."

But if "unintended consequences" in its literal sense (that is, consequences one did not contemplate) clearly fails to capture the meaning of the perversity thesis (that is, devastating consequences that are completely predictable), how did the former come to denote the latter? And why has the use of this specific expression in American public policy discourse increased since the 1990s, peaking in the wake of the global financial crisis?

Naturally, a definitive causal explanation would be impossible to establish. Nevertheless, I suggest that the rise of neoliberalism in the United States is key to understanding the popularity of "unintended consequences" as perversity. Arguably, the "unintended consequences" rhetoric has become especially useful since the 1990s because it implicitly captures two fundamental principles of neoliberalism: the potency of markets and the impotency of the democratic regulatory state. But understanding how "unintended consequences" came to be associated with such neoliberal ideas requires us to reverse the trajectory of Hirschman's analysis: Instead of collapsing different

[10] *The Credit Cardholders' Bill of Rights: Providing New Protections for Consumers: Hearing Before the Subcommittee on Financial Institutions & Consumer Credit of the House Committee on Financial Services*, 110th Cong. 7 (2008), https://www.congress.gov/110/chrg/CHRG-110hhrg41731/CHRG-110hhrg41731.pdf.

[11] For example, *Examining the Billing, Marketing, and Disclosure Practices of the Credit Card Industry, and Their Impact on Consumers: Hearing Before the Senate Committee on Banking, Housing & Urban Affairs*, 110th Cong. 13 (2007), https://www.congress.gov/110/chrg/CHRG-110shrg50307/CHRG-110shrg50307.pdf.

[12] For example, *Examining the Billing, Marketing, and Disclosure Practices of the Credit Card Industry, and Their Impact on Consumers: Hearing Before the Senate Committee on Banking, Housing & Urban Affairs*, 110th Cong. 13 (2007), https://www.congress.gov/110/chrg/CHRG-110shrg50307/CHRG-110shrg50307.pdf; *The Credit Cardholders' Bill of Rights: Providing New Protections for Consumers: Hearing Before the Subcommittee on Financial Institutions & Consumer Credit of the House Committee on Financial Services*, 110th Cong. 10, 60 (2008), https://www.congress.gov/110/chrg/CHRG-110hhrg41731/CHRG-110hhrg41731.pdf; *H.R. 5244, The Credit Cardholders' Bill of Rights: Providing New Protections for Consumers: Hearing Before the Subcommittee on Financial Institutions & Consumer Credit of the House Committee on Financial Services*, 110th Cong. 10, 56, 355 (2008); 155 Cong. Rec. H5813 (daily ed., May 20, 2009).

[13] *From Poverty to Opportunity: How a Fair Minimum Wage Will Help Working Families Succeed: Hearing of the Senate Committee on Health, Education, Labor, and Pensions*, 113th Cong. 18 (2014), https://www.congress.gov/113/chrg/CHRG-113shrg87178/CHRG-113shrg87178.pdf.

historical patterns into a single, synchronic framework, we need to break down the intellectual history of the concept.[14] This history, which unfolds in the following sections, reveals that the coupling of "unintended consequences" and the perversity thesis required a series of semantic transformations that inverted the original meaning of the concept in social theory.

III. Unintended Consequences as *Unanticipated* Consequences

A. Merton's Original Concept

Inquiries into the origin of the phrase "unintended consequences" consistently lead to sociologist Robert K. Merton,[15] and specifically to his article "The Unanticipated Consequences of Purposive Social Action" (1936). As its title suggests, the article takes up the analysis of unanticipated, not simply unintended, consequences of social action. The canonization of "*unintended* consequences" probably followed Merton's latter, highly cited piece, *Social Theory and Social Structure* ([1949] 1968), where he used the phrases "unanticipated consequences" and "unintended consequences" interchangeably (de Zwart 2015, 288). The concept of "unintended consequences" was central to Merton's functionalist theory, according to which social facts should be interpreted in terms of their function (or consequences) for larger societal structures (Merton [1949] 1968, 101). The intended/unintended consequences distinction overlapped with Merton's fundamental distinction between *manifest* functions ("those objective consequences contributing to the adjustment or adaptation of the system which are intended and recognized by participants in the system") and *latent* functions ("those [consequences] which are neither intended nor recognized") (ibid. at 105).

Merton's account of unintended consequences in his 1936 article is clearly at odds with the contemporary political usage of "unintended consequences," and in more than one sense. First, while the present-day usage of "unintended consequences" commonly involves an elaborate prediction of the consequences that a certain policy will bring about, Merton was obviously interested in those consequences that people *fail to predict*. Second, whereas contemporary critics address *perverse* consequences (in other words, undesirable consequences that run counter to those intended), Merton emphasizes that "unforeseen consequences should not be identified with consequences which are necessarily undesirable" (Merton 1936, 895). Third, Merton's analysis of unintended consequences focuses on "isolated purposive acts rather than their integration into a coherent system of action" (ibid. at 895).[16] Hence, for Merton, the phenomenon of unintended consequences was not distinctly related to misguided public policy, as it is presently considered to be, but rather a phenomenon that typically involves multiple uncoordinated *individual* actions.

Merton's understanding of unintended consequences as unanticipated and possibly benign consequences of myriad individual actions is effectively illustrated by some of the examples featured in the article. Most notably, to demonstrate how unintended consequences may be brought about by the "imperious immediacy of interest," Merton cites "[t]he doctrine of classical economics according to which the individual endeavoring to employ his capital where most profitable to him . . . is, to quote Adam Smith, led 'by an invisible hand to promote an end which was no part of his intention'" (Merton 1936, 902). What Merton dubs "the invisible hand

[14] Of course, the ensuing analysis principally differs from Hirschman's in focusing on the broad concept of "unintended consequences," rather than the narrower concept of perversity, which is a mere instance of unintended consequences.

[15] Merton was the father of the economist Robert C. Merton, who won the 1997 Nobel Prize in economics for developing the Black-Scholes-Merton options pricing model (https://www.nobelprize.org/prizes/economic-sciences/1997/merton/facts/).

[16] This feature of Merton's analysis clearly draws on eighteenth-century Scottish philosophy, which is often considered the origin of the idea of (even if not the *specific phrase*) unintended consequences (for example, Smith 2009, 11).

doctrine," as well as other examples discussed in his article, are instances of unintended consequences that clearly differ from those depicted by present-day conservatives in political debates. And indeed, while Merton's analysis emphasizes the ubiquity of unintended consequences in the social sphere, he concludes with a cautious tone, eschewing any "blanket statement categorically affirming or denying the practical feasibility of *all* social planning" (ibid. at 904).[17]

B. Unintended Consequences in Popper and Hayek

Merton was the first to introduce the phrase "unintended consequences," and is probably responsible for its initial dissemination in and outside the academic discourse. But the broad acceptance of "unintended consequences" should also be credited to the work of two other influential contemporaries—philosopher of science Karl Popper and social theorist Friedrich Hayek—who placed this concept at the core of their respective theories (Vernon 1976, 263–64). Popper and Hayek were close friends, personally and professionally, and they greatly influenced each other's work (Caldwell 2006, 111; Filip 2018, 177). Therefore, it is not surprising that they both employed "unintended consequences." At the same time, however, they each used the concept in a different way, reflecting their broader methodological and philosophical disagreements (Vernon 1976, 263–64, 268–69), notably with respect to social engineering versus "laissez faire" (Hacohen 2001, 484–86, 503).

For Popper, "unintended consequences" was a pivotal concept in the philosophy of social science, as it explained the impossibility of accurate prediction in the realm of human behavior. Popper maintained that the central mission of the social sciences was to explore the unintended (qua unforeseen) consequences of human action. This mission, he argued, is what distinguishes social science from "conspiracy theories of society" (like Marxism), which assume the possibility of accurate, lawlike historical prediction (Popper 1962a, 122–25, 341–42). According to Popper, "[t]he conspiracy theorist will believe that institutions can be understood completely as the result of conscious design . . . [whereas] the social theorist should recognize that the persistence of institutions and collectives creates a problem to be solved in terms of an analysis of individual social actions and their unintended (and often *unwanted*) social consequences" (ibid. at 125, emphasis added).

However, because "conspiracy theories of society" tend to support a revolutionary agenda, acknowledging unintended consequences has practical, not only theoretical implications. Popper maintained that the pervasiveness of unintended consequences in the social sphere mandates political restraint: Like careful scientists, political institutions should proceed piecemeal, focus on incremental problem solving, and avoid grand social planning (Popper 1961, 64–70; 1962a, 344–45; [1945] 1962b, 163). At the same time, because he saw the unanticipated nature of unintended consequences as resulting from the lack of sufficient knowledge, Popper believed that the advance of human knowledge may somewhat mitigate the challenges they present for social planning (Popper [1945] 1962b, 93–94). Thus, although Popper was suspicious toward state bureaucracy, he did support progressive welfare policies such as universal disability, unemployment, and old-age insurance (Hacohen 2001, 482, 503–04).

[17] Merton's work does not expressly articulate his stance about progressive reform. He is generally considered a political centrist, and has consistently maintained that his functionalist theory has no ideological commitment, either conservative or critical (Merton 1968 [1949], 93, 96). In the early stages of his career, when "The Unanticipated Consequences of Purposive Social Action" was written, Merton was deeply influenced by Marxist ideas and was actively involved in debates over communism; but as a witness to the rise of Nazism and fascism in Europe, he opposed authoritarian social engineering and saw democratic mobilization as the preferred means for social change. He was definitely troubled by economic and racial inequality in the US, and believed that science could inform and improve policymaking in this regard (see Simonson 2022, 35, 41–46; Fox 2022).

Hayek, like Popper, saw the study of unintended consequences as the object of the social sciences (Hayek 1942, 276; 1952, 25, 34), and as a way to expose the dangers of socialism. Hayek used the concept of "unintended consequences" to stress the existence of a mid-category between the "natural" and the "artificial": the category of phenomena that are "the result of human action[,] but not of human design" (Hayek [1967] 2014, 293–94). Hayek described these phenomena as instances of "spontaneous order," in other words, a "self-generating or endogenous order" (Hayek [1973] 1982, 37), which, as opposed to a deliberate order, "can have no purpose, although its existence may be very serviceable to the individuals which move within [it]" (ibid. at 39). That is, as opposed to Popper, Hayek employed "unintended consequences" to address *desirable* consequences.

According to Hayek spontaneous orders are not hierarchical, and follow general rules rather than specific commands. These rules are "applied by the individuals in the light of their respective knowledge and purposes . . . independent of any common purpose, *which the individual need not even know*" (Hayek [1973] 1982, 50). Put differently, spontaneous orders do not serve predefined substantive goals. Their aggregate social outcomes are "*the unintended consequences of myriad individual actions*" (Luban 2020, 68), performed by individuals acting in their own interest, according to abstract rules of conduct and with no knowledge of or intention to execute a greater social plan.

Hayek maintained that in a historical process of natural selection, spontaneous orders (that is, social institutions that are produced unintentionally) trump orders produced by deliberate human design, because they are more effective and beneficial (Hayek [1967] 2014, 298; Whyte 2017, 162). Therefore, he cautioned against any attempt to subject spontaneous processes to conscious design, arguing that it will necessarily lead to inferior outcomes (Hayek 1952, 87–88; Hayek 1988, 84).[18] This is so because effective social planning requires the planner to be in possession of all the relevant knowledge (Hayek 1952, 97), but—Hayek argues—the required knowledge "never exists in concentrated or integrated form but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess" (Hayek 1945, 519).

Indeed, spontaneous orders depend on a balance among the actions of individuals using their (partial) knowledge for their own purposes, and this balance "will be destroyed if some of the actions are determined by another agency on the basis of different knowledge and in the service of different ends" (Hayek [1973] 1982, 51). Hence, for Hayek, central planning should be invoked solely to enable and support the operation of markets (qua "spontaneous orders"), and not to achieve any substantive, measurable social goals (Hayek [1976] 1982, 114–32). This should be done by enacting laws that are entirely formal and abstract (ibid. at 35–38), "only laying down the conditions for individual behavior and inter-individual exchange" (Vernon 1976, 264).

To summarize: In his original exposition of "unintended consequences," Merton stressed the unanticipated nature of such consequences, and the fact that they may be desirable. Both Popper and Hayek preserved the idea of unintended consequences as *unanticipated* consequences, but Popper was more concerned with *undesirable* unintended consequences while Hayek focused on *desirable* unintended consequences, which he deemed "an engine of progress" (Vernon 1976, 268). Hayek further followed Merton in framing unintended consequences as consequences generated by the aggregation of multiple individual actions.

[18] Thus, for example, Hayek argued that because the common law develops spontaneously, it is more conducive to individual freedom than state legislation (for example, Hayek [1973] 1982, 85). The idea that judge-made law is more efficient, and therefore more socially desirable, than democratic state legislation was later taken up by Law and Economics scholars, notably Richard Posner (Rubin 2000). Realists and Crits, on the other hand, have challenged the distinction between judge-made law and state legislation, notably by fleshing out the social policy considerations that regularly underlie judicial decision-making (for example, Cohen 1935; Gordon 1987).

In order to further stress the implications of the concept of "unintended consequences" in early social theory, I employ the notion of an "invisible-hand explanation" developed by Robert Nozick. Nozick describes invisible-hand explanations as those that "show how some overall pattern or design, which one would have thought had to be produced by an individual's or group's successful attempt to realize the pattern, instead was produced and maintained by a process that in no way had the overall pattern or design 'in mind'" (Nozick 1974, 18). More specifically, the phenomena that invisible-hand explanations address are "the end result of a certain process that aggregates the separate and 'innocent' actions of numerous and dispersed individuals into an overall pattern" (Ullman-Margalit 1978, 265). The prototypic example for such an explanation is, of course, the concept of the "invisible hand of the market"[19]—which, as we have seen, was cited by Merton as well.

Nozick's invisible-hand explanations possess two features that apply to the concept of "unintended consequences" as employed by Hayek, and to some extent by Merton and Popper as well. First, an "invisible-hand explanation" will typically contain no (or little) reference to the explained phenomena. The process generating the phenomena will "consist of nothing but the private intentions, beliefs, goals, and actions of the participating individuals," intentions that bear no explicit relation to the overall (aggregate) result (Nozick 1974, 18–19; Ullman-Margalit 1978, 277). According to Nozick, this feature makes invisible-hand explanations especially satisfying, since "the less our explanations use notions constituting what is to be explained, the more (*ceteris paribus*) we understand" (Nozick 1974, 19).

Second, invisible-hand explanations involve an element of surprise. According to Edna Ullman-Margalit (1978, 271–72), what is surprising is the mere existence of such an explanation; that is, "that what one would have thought had to be the product of someone's intentional design can be shown to be the unsought and unintended product of dispersed individual activity." But we can also think about the element of surprise as emanating from the fact that invisible-hand explanations rationalize, and perhaps even naturalize, consequences that we would not otherwise expect. Consider, in this respect, that because invisible-hand explanations explain social phenomena by reference to the separate actions of myriad individuals who have no intention to generate those phenomena, these explanations can typically be provided only in hindsight—*after* the phenomenon has materialized—rather than in advance. The implication is that they may not function as predictions about future social consequences.[20]

Indeed, we have seen that for Popper, the pervasiveness of "unintended consequences" refutes conspiracy theories of society, which attempt to provide lawlike predictions in the social sphere. "Real" social science differs from conspiracy theories by acknowledging unintended consequences and eschewing social predictions. Similarly, for Nozick, the *opposite* of an invisible-hand explanation is a "hidden-hand explanation," which takes what seems to be "merely a disconnected set of facts" and explains it as the product of intentional human design. In other words—a conspiracy theory (Nozick 1974, 19). Hence, the opposite of Nozick's invisible-hand explanation is comparable to the opposite of "unintended consequences" for Popper: an attempt to find order and regularity where none actually exist.

[19] Yet, as Sheehan and Wahrman have demonstrated, invisible-hand explanations were exceedingly common among scientists and philosophers in the eighteenth century and extended well beyond the realm of economics (Sheehan and Wahrman 2015).

[20] This relates to Ullman-Margalit's (1978, 269) observation that invisible-hand explanations are necessarily *alternative* explanations of phenomena that would otherwise be perceived as the result of intentional design.

Ultimately, then, the concept of an "invisible-hand explanation" applies mostly, if not exclusively, to consequences that are *unanticipated*,[21] like the concept of "unintended consequences" for Merton, Popper, and Hayek. Additionally, the concept of an "invisible-hand explanation" refers to the *aggregate consequences of the uncoordinated actions of myriad individuals*, as in Hayek and Merton's accounts of "unintended consequences." Accordingly, I shall refer to the idea of (1) unanticipated, (2) desirable, and (3) aggregate consequences of myriad individual actions as the *invisible-hand version of "unintended consequences"* (compare Vaughn 1989, 168–71) (see Table 1).

Table 1. Varieties of "Unintended Consequences"

	Invisible Hand	**Perversity**
Foreseeability	Unanticipated	Anticipated
Desirability	Desirable	Undesirable
Consequences of . . .	Multiple Individual Actions	Government Policy

IV. Unintended Consequences as *Perverse* Consequences

Having sketched the invisible-hand version of "unintended consequences," I now proceed to explore the emergence of the perversity thesis version of the concept. Importantly, while I suggest that the invisible-hand version temporally and lexically precedes the perversity version, it is impossible to separate them entirely. This is so because in a crucial sense, Hayek's notion of spontaneous order already foregrounds the perversity meaning of "unintended consequences."

To see why, consider that Hayek was especially interested in one specific instance of spontaneous order: the market. "In the marketplace," Hayek explains, "unintended consequences are paramount: a distribution of resources is effected by an impersonal process in which individuals, acting for their own ends . . . literally do not and cannot know what will be the net result of their interactions" (Hayek 1988, 71). For Hayek the market is the epitome of a beneficial spontaneous order, since markets "*help to utilize the knowledge of many people without the need of first collecting it in a single body,* and thereby make possible that combination of decentralization of decisions and mutual adjustment of these decisions which we find in a competitive system" (Hayek 1952, 99, emphasis added). The ability of the market to regulate itself without any central planning is owed to the price mechanism, which serves "*to co-ordinate the separate actions of different people* in the same way as subjective values help the individual to co-ordinate the parts of his plan" (Hayek 1945, 99, emphasis added; see Whyte 2017, 166).

Now, as Hirschman explains, the perversity thesis is closely linked with the idea of the market as self-regulating since, to the extent that this idea is invoked, "any public policy aiming to change market outcomes . . . automatically becomes noxious interference with beneficent equilibrating processes" (Hirschman 1991, 27). Hence, *the perversity thesis may be seen as an implication of the Hayekian notion of the market as spontaneous order*. If the market is a spontaneous order—an order that generates desirable consequences *because* it is not consciously designed by anyone but emerges out of the actions of myriad individuals acting in their own interest—then, ipso facto, any attempt to control that order will generate perverse consequences (Hayek [1973] 1982, 51; Hayek [1976] 1982, 128–29).

[21] Here I disagree with Aydinonat (2008, 14, 25), who argues that invisible-hand explanations may refer to anticipated consequences. I suggest that with respect to social (rather than natural) phenomena, predictability is one of the features distinguishing between the invisible-hand version and the perversity version of "unintended consequences."

Importantly, however, Hayek used the phrase "unintended consequences" to depict spontaneous order, *not* perversity, and the existence of some logical conjunction between spontaneous order and perversity does not yet explain why an expression that initially denoted the first gradually came to denote the second. Consider, in this respect, that despite the proximity between the two concepts, the transition from the "invisible-hand" meaning to the perversity meaning required at least three semantic moves: first, using "unintended consequences" to denote the product of *planned public action*, rather than the product of myriad, uncoordinated individual actions; second, using "unintended consequences" to denote *perverse consequences*, rather than desirable consequences; and third, using "unintended consequences" to denote *predictable consequences* rather than unanticipated consequences (Hirschman 1991, 36–37).

Indeed, as opposed to the invisible-hand meaning of "unintended consequences," the origin of which is easily traceable to Merton and Hayek, the emergence of the perversity meaning seems to have been a gradual and decentralized process that involved multiple sources and influences. Accordingly, this section will suggest a more complex narrative, fleshing out several intellectual and theoretical trajectories that arguably contributed to the emergence of the perversity meaning of "unintended consequences."

A. Unintended Consequences and Neoconservatism

We have seen that Popper, as opposed to Merton and Hayek, focused on undesirable unintended consequences, and concluded that they mandate political restraint. A somewhat similar stance has been articulated by American neoconservatives as they criticized the effects of Lyndon Johnson's grand social policies in the 1960s. The prominent figures in the first generation of neoconservatism—Irving Kristol, Daniel Bell, and Nathan Glazer—were disappointed liberals who became exceedingly pessimistic about the ability of states to improve their citizens' lives (Murray 2006, 36). Accordingly, a common theme in early neoconservative writing was that "government programs often do not achieve their objectives or do achieve them but with high or unexpected costs" (Wilson 1996, vi–viii). Writers in *The Public Interest*, a policy journal founded by Kristol and Bell, repeatedly invoked the "limits of social engineering," arguing that "ambitious efforts to seek social justice often left societies worse off than before because they either required massive state intervention that disrupted pre-existing social relations . . . or else produced unanticipated consequences" (Fukuyama 2006; see Lilla 1985, 68).

Indeed neoconservatives seem to be the first to systematically deploy the perversity thesis in conjunction with "unintended consequences"—a concept they probably picked up from Merton.[22] But the neoconservative variant of "unintended consequences" differs from the contemporary perversity variant in important respects. First, to allow for the prediction that is part of the perversity meaning, the "unintended consequences" argument must postulate a recognizable pattern, a mechanism abiding by some regularity. Yet the neoconservative use of "unintended consequences" largely conveys a sense of uncertainty about the results of progressive policies, the same sense that is emphasized in Popper's work and in traditional conservatism more generally (for example, Oakeshott 1962, 172). More than anything, neoconservatism is "the view that we know less than we thought we knew about how to change the human condition" (Wilson 2009), or that "we can have only partial and less than wholly satisfying answers to the social problems in question" (Glazer 1971). If we simply cannot know for certain what the consequences of government action will be, as neoconservatives maintain, we certainly cannot predict them. Hence, the neoconservative variant of "unintended consequences" does not seem to articulate the notion of *predictability* that characterizes modern-day appearances of the phrase.

[22] Daniel Bell was Merton's colleague, and Nathan Glazer was his student at Columbia University (Feeney 2019).

Relatedly, even where neoconservatives argue expressly for perversity, they seem to lack a consistent theory of the mechanism that generates it. According to Nathan Glazer, for example, the source of perversity is the undoing of traditional structures. He argues that "every piece of social policy substitutes for some traditional arrangement, whether good or bad, a new arrangement in which public authorities take over" and by that token "weakens the position of these traditional agents, and further encourages needy people to depend on the government, rather than on the traditional structures, for help" (Glazer 1971). Yet for Daniel Patrick Moynihan, another prominent writer in *The Public Interest*, it is "the human propensity to miscalculate, underestimate, and subsequently overreach" that leads to "unintended consequences that occur when least expected" (Fromer 2022, 83). Such explanations, which necessarily lead to some uncertainty with respect to the specific results of social policy, differ considerably from the contemporary understanding of "unintended consequences" as a product of rational, incentives-based behavior that is utterly predictable.

Finally, in the contemporary use of "unintended consequences" the perversity thesis is bound with unfettered support for markets, but the founding fathers of neoconservatism never held such a radical position (Kolozi 2013). Both Kristol and Bell acknowledged the economic inequality and resulting social instability generated by capitalism, and supported limited welfare measures that provide citizens with an economic "safety net" (Bell 1976, 274–82; Kristol 1978, ix–xiv). Thus, the neoconservative variant of "unintended consequences" does not take us all the way to the concept's current meaning in public policy discourse.

B. Unintended Consequences and the Problem of Collective Action

Another segue between the invisible-hand version and the perversity version of "unintended consequences" may, perhaps, be found in two influential social theories that emerged in the 1960s, both stressing the complex relation between individual action and aggregate consequences.

The first is Mancur Olson's theory of collective action, which postulates that large interest groups are *less* likely to achieve their common goals than smaller ones are. According to Olson (1965), this is so because collective goods are nonexcludable, and thus accessible to all the members of the group regardless of their individual contribution. Therefore, in a large group the most rational course of action for each individual member is to free ride, that is, to enjoy the collective good without investing any effort in achieving it. However, if everyone decides to free ride, the good will not be obtained to begin with.

The second theory, Garrett Hardin's "tragedy of the commons," explains why common pool resources (for example, forests, rivers) are bound to be overexploited. According to Hardin (1968), the long-term preservation of a common pool resource requires each user to practice some restraint in using the resource. However, if not all users are equally committed to limiting their use, no individual member will have an intertest in doing so. Consequently, all members will use the resource as much as possible, eventually depleting it entirely.

As Lars Udehn (1995) notes, both Olson's theory of collective action and Hardin's tragedy of the commons "are examples of a larger class of social phenomena, in which the aggregate effect is an *unintended* . . . result of the actions of individuals" (ibid. at 216). More importantly, both theories explain the occurrence of *bad* unintended consequences, and thus break from the familiar "invisible-hand" paradigm:

> Both [Olson's and Hardin's theories] have the structure of an N-person prisoners' dilemma: for each person, defection dominates cooperation, irrespective of the choice of the rest. But if all defect, they will all be worse off than if they cooperate. The problem of collective action, then, is the prospect of an outcome, *the reverse of Adam Smith's invisible hand*. It is the problem of how to avoid a situation where individual rationality leads to collective irrationality instead of to the common good. (Udehn 1995, 216)

Indeed, both theories are a mirror image of the invisible-hand doctrine—instances of the "invisible *back*hand" (Brennan and Petit 1993, 204–05), if you will—as they indicate the *perverse* effects of the aggregation of myriad individual actions, instead of its positive effects. Therefore, I suggest, their emergence may have supported the association of "unintended consequences" with instances of aggregate perverse consequences, rather than aggregate positive consequences.

But furthermore, both Olson's and Hardin's theories seek to indicate a regular, predictable pattern of human behavior in certain situations (namely, that "rational, self-interested individuals will not act to achieve their common or group interests" (Medina 2007, 4)). They articulate social "laws," such that the unintended consequences they reveal can be anticipated and prevented, and it is perhaps this feature that most clearly harbingers the inversion of the invisible-hand meaning of "unintended consequences."

Recall that invisible-hand explanations will typically emerge in hindsight, as it is immensely difficult to predict what kind of (beneficial) social institution or phenomena may emerge out of myriad self-interested, uncoordinated individual actions. Even Popper, who focused on undesirable unintended consequences, maintained that they could not be anticipated and that trying to predict them crosses the line between social science and conspiracy theories. But social prediction of the type that Olson and Hardin's theories enable is exactly what the perversity thesis is suggesting with respect to progressive policies: It is always a prophecy of wrath, and a highly specific one.

C. The Crystallization of Unintended Consequences as Perversity

Neocons employ "unintended consequences" to denote the perverse, unanticipated consequences of government policies; collective action theories point out the perverse, predictable consequences of multiple uncoordinated individual actions. But how did these meanings converge—how did we get to the unified concept of "unintended consequences" as (1) perverse, (2) predictable consequences of (3) progressive government policies?

Christopher DeMuth, Ronald Reagan's "deregulation czar" (Easterbrook 1986) and longtime president of the American Enterprise Institute, points to the work of Chicago economist Sam Peltzman as pivotal in generating the perversity meaning of "unintended consequences" (DeMuth 2009, 11).[23] Peltzman was the student of George Stigler, one of the leading figures of the Chicago School and a founding member of the Mont Pèlerin Society—the intellectual forefront of neoliberalism. The mark of the Chicago School was its aspiration to apply economic analysis to every realm of human life, and Stigler famously took up the issue of government regulation. His endeavor to appreciate the actual costs and benefits of public policies culminated with his theory of "regulatory capture," according to which business interests are able to "capture" regulators and obtain favorable policies because they compose small groups with joint economic interests (Stigler 1971). Peltzman was equally interested in regulation but had developed a more nuanced view,

[23] As a leading conservative figure with extensive engagement in public policy, DeMuth may not be an impartial observer. But even if his narrative is biased, it is telling with respect to the specific meaning of "unintended consequences" that conservatives are actively promoting, and possibly their ambition to associate that meaning with the Chicago School of economics.

suggesting that capture does not exhaust the complex dynamics of regulation and that even truly well-intentioned policies may eventually undercut their own purposes (Peltzman 1976). In what has probably become his most cited piece, "The Effects of Automobile Safety Regulation," Peltzman criticized the federal regulation mandating car seat belts, arguing that while it decreased the fatalities among car passengers, it simultaneously increased the number of pedestrian deaths and the number of nonfatal accidents (Peltzman 1975). This finding—now commonly dubbed "the Peltzman Effect" (for example, Leitzel 2015, 72)—was explained by Peltzman as the result of "offsetting behavior": Drivers feel safer with a seat belt and, therefore, drive with less care (for example, while drunk). Put in economic terms: Seat belts decrease the "price" of risky driving, thereby increasing the "demand" for it (Peltzman 1975, 681). While Peltzman's empirical findings on automobile safety regulation were repeatedly challenged (for example, Joksch 1976; Graham and Garber 1984; Kelley 1984), the idea of "offsetting behavior" (or "risk compensation") remains highly influential in economic analysis of regulation.

Peltzman's work indeed connects the three features of perversity, predictability, and progressive government policy that are the building blocks of the perversity thesis. Unlike the works of Popper, Hayek, and neoconservatives, Peltzman's work implies that the perversity of the consequences has nothing to do with the lack of sufficient knowledge among legislatures. Quite the contrary: The occurrence of offsetting behavior in response to any regulation changing the costs of individual choices is entirely predictable given the standard assumptions of rational choice theory (for example, Elster 1989, 22–29; Aune 2001, 22). As Peltzman concludes, "it is difficult to imagine that Congress created [seat belt] regulation . . . to encourage an increase in accidents . . . . *More plausibly, Congress simply failed to give these forces the weight they deserve*" (Peltzman 1975, 717). What Peltzman's analysis suggests, then, is that perversity results *not* from ignorance or myopia, but from a structural clash between public policy and private incentives, which progressive legislatures consciously discount (Friedman [1962] 2002, 200; DeMuth 2009, 14–21; McCluskey 2012, 27).

In popular economic discourse, Peltzman's work is often associated with the concept of "unintended consequences" (for example, Alden n.d.; Coyne 2014; Kroszner 2015; Murphy 2015). But since Peltzman himself did not employ the concept of "unintended consequences" in his works, it seems that his scholarship did not yet perfect the coupling of "unintended consequences" and the perversity thesis. An additional link in the story, I suggest, is one of the most poignant articulations of the perversity thesis in the twentieth century: Charles Murray's *Losing Ground* (1984).

Murray, a political scientist by training, is a longtime fellow at leading American conservative think tanks and coauthor of the highly controversial *The Bell Curve* (Herrnstein and Murray 1994)—a book that developed a modern version of eugenics based on the genetic component of IQ. By arguing that social, economic, and racial stratification is a result of differences in IQ levels and that IQ is dominantly hereditary, the book challenged the ideal of social equality and the basic premises of the welfare state (Slobodian 2023, 76–77). But Murray's fervent critique of welfare policy emerged well before *The Bell Curve*, in his first book, *Losing Ground* (1984). The book, described by Hirschman (1991, 29) as "the most highly publicized attack on the Welfare State in the United States," gained considerable influence in the 1980s, and is considered part of the intellectual background that prompted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, a law that substantially cut federal welfare assistance to single mothers (Zanoni 2023). The book's basic argument is that of perversity: The Great Society programs of the 1960s, Murray maintains, made things worse for the poor in terms of employment, education, family, crime, and the like. "We tried to provide more for the poor and produced more poor instead," he asserts; "we tried to remove the barriers to escape from poverty, and inadvertently built a trap" (Murray 1984, 9).

However, unlike his predecessors, Murray expressly linked the perversity thesis with the rhetoric of "unintended consequences." The failure of welfare policy, he argues, is not contingent but results from several "laws," which no government program can escape (Murray 1984, 211). One of those laws is the "*Law of Unintended Rewards*," which holds that "any social transfer increases the net value of being in the condition that prompted the transfer" (ibid. at 212). The mechanism at work, Murray explains, is as follows:

> A deficiency is observed—too little money, too little food, too little academic achievement—and a social transfer program tries to fill the gap—with a welfare payment, Food Stamps, a compensatory education program. An unwanted behavior is observed—drug addiction, crime, unemployability—and the program tries to change that behavior to some other, better behavior—through a drug rehabilitation program, psychotherapy, vocational training. In each case, the program, however *unintentionally*, must be constructed in such a way that it increases the net value of being in the condition that it seeks to change—either by increasing the rewards or by reducing the penalties. (Murray 1984, 212–13)

Notice that what Murray is describing is, in fact, the Peltzman Effect. Like Peltzman, Murray founds his analysis on rational choice theory, assuming that individuals act on incentives and will always choose the course of action with the least cost or the greatest benefit (Muzzio 1985, 1199).[24] Other factors that may shape or constrain individual choice are practically absent from his story. Essentially, what Murray argues is that progressive policies change the price tag on undesirable behaviors (say, unemployment), and that, by that token, they make those undesirable behaviors more attractive to the poor.[25] This is why progressive policies create consequences that are not merely negative but outright perverse, and this is also why these consequences are entirely predictable.

Importantly, Murray chooses to characterize these consequences not only as perverse and predictable, but also—literally—as *unintended* (for example, Murray 1984, 164, 179). This specific language is consequential because, due to the efforts of Murray's sponsor, the conservative Manhattan Institute,[26] *Losing Ground* received unusual public attention. Among other things, the book

> [has] been the subject of dozens of major editorials, columns, and reviews . . . . [The Manhattan Institute] sent more than 700 free copies . . . to academics, journalists, and public officials all over the world . . . . The Institute also arranged a seminar about Murray's book . . . [wherein] intellectuals and journalists thought to have some influence on the policy debate were enticed to New York to spend a day and half listening to Murray and discussing his ideas. (Lane 1985, 14–15)

[24] However, in the years leading to *The Bell Curve* Murray "rethought" the premises of rational choice theory, which reflected his "[optimism] about the malleability of human beings" (Slobodian 2023, 79–80, 91–92). According to *The Bell Curve*, individual decisions are not based on universal cost-benefit calculations but on racially determined IQ levels, which little could be done to change. The goal of the book was to use IQ research to uproot "the fiction that 'human potential was perfectly malleable'" (ibid. at 77).

[25] Thus, for example, Murray's work played a significant role in forming "the image of the lazy welfare mother who breeds children at the expense of taxpayers in order to increase the amount of her welfare check" (D. Roberts 1993, 25).

[26] The Manhattan Institute, together with the Bradley Foundation and other conservative organizations, also supported the writing of *The Bell Curve*, and generally pushed forward the fusion between market fundamentalism, evolutionary psychology, and racial science (Slobodian 2023, 79, 84, 90).

As a result of this extensive campaign, not only did Murray's ideas have considerable influence, but so did the words he used. Indeed, in the years following the publication of *Losing Ground*, the use of "unintended consequences" significantly increased (see Figure 1). Also, a new expression gained currency: Perhaps a mixture of the old "unintended consequences" with Murray's "law of unintended rewards," the literature increasingly referred to "*the law of unintended consequences*" (see Figure 1), occasionally citing Murray as its originator (for example, de Goede 1996, 324–25; Herbst 2008; Tomczak 2015, 28).

Thus, it seems that only in the wake of *Losing Ground*, "unintended consequences" increasingly came to represent the perversity thesis, rather than an invisible-hand explanation of social phenomena (see Table 2). By the turn of the twenty-first century, "unintended consequences" was already strongly associated with perversity, and perversity was understood as a result of public policy undercutting private incentives (Tabarrok 2008). Indeed it seems that this specific understanding cemented the idea of "unintended consequences" as relating to progressive policies, where the state takes up the provision of resources or directly regulates access to them, instead of sanctioning market competition as the mode of distribution. However, the idea that the consequences of state provision would be consistently inferior to the consequences of market provision could only make sense if one saw "government" and "market" as materially different modes of regulation, notably, if one accepted the Hayekian theory of the market as a spontaneous order.

Figure 1. Frequency of the Terms "Unintended Consequences" and "Law of Unintended Consequences" in Printed Sources, 1936–2020, Google Books Ngram Viewer

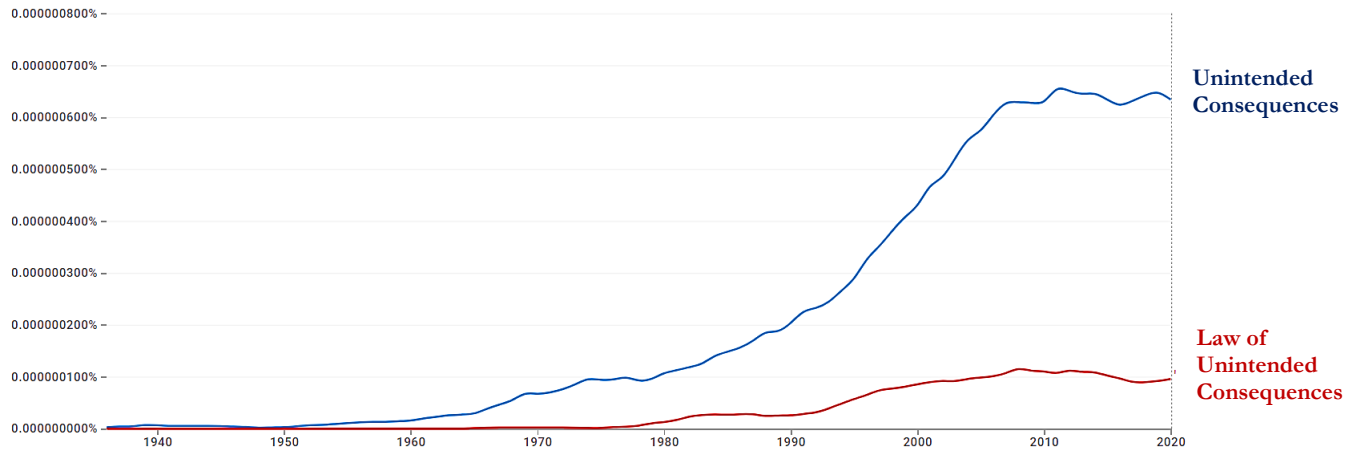

Table 2. The Convergence of "Unintended Consequences" and Perversity

Type of Perverse Consequences	Neocons	Collective Action Theories	Chicago School	Murray
Of Public Policy	V	X	V	V
Predictable	X	V	V	V
"Unintended"	V	X	X	V

D. "Unintended Consequences" on the Left?

Thus far, the "unintended consequences" argument has been featured as a *conservative* critique of progressive government policies. I argued that the "unintended consequences" argument came to articulate the perversity thesis, which—following Hirschman—was portrayed as a distinctly reactionary argument. However, since the mid-twentieth century, the perversity thesis has been employed to critique progressive reforms from the *left* as well.

According to the "leftist" perversity thesis, the conceptual, political, and bureaucratic apparatuses that make up progressive reforms are deeply embedded in existing social and economic hierarchies. Therefore, progressive reforms not only fail to undermine these hierarchies, but actually reaffirm and exacerbate them (Akbar 2023, 2518–20).

Thus, for example, critical scholars have argued that the National Labor Relations Act (1935), which was meant to support unions and encourage collective bargaining, has become a tool to discipline and control labor activism (Klare 1977; Klare 1985) and actually increased unfair labor practices by employers (Weiler 1983); that the legal victories of the Civil Rights movement have reaffirmed and legitimized racial discrimination (Freeman 1978), leaving "too many of the black people . . . more deeply mired in poverty and despair than they were during the 'Separate but Equal' era" (Bell 1992, 374; see Delgado and Stefancic 2023, 26–30); and that by defending a woman's right to choose in terms of privacy, progressive court rulings on abortion have left women more vulnerable to harm and discrimination in the private sphere (MacKinnon 1991, 1311).

In critical legal scholarship, the leftist perversity thesis is often expressed in terms of the law's tendency to "coopt" struggles for social justice (Lobel 2007, 939).[27] Notably, it is argued that structural injustices and distributive demands cannot fit within the framework of liberal rights and remedies, and thus litigation necessarily defangs radical social agendas (for example, Tushnet 1994, 26; MacKinnon 1989, 215–34; Minow 1990, 146–47; Lobel 2007, 950–51). Court victories on progressive issues are then portrayed not only as limited but as outright detrimental, generating a false appearance of change that quiets the ultimate struggle (Tushnet 1994; Lobel 2007, 956–58).

The substantive similarity between the conservative and critical notions of perversity suggests that while perversity has played a pivotal role in the history of reactionary rhetoric, it is not a strictly or *inherently* reactionary idea. Rather, the claim that progressive agendas tend to generate perverse effects is a radical argument that can articulate opposing political trajectories. The variance lies both in the specific mechanism that is identified as generating perversity and in the proposed alternative to progressive policymaking. With respect to the mechanism, in the post-1960s conservative version the idea is that private incentives cannot be controlled or channeled to support public causes; in the leftist version, the idea is that collective causes cannot be transmuted into struggles over individual rights. With respect to the alternative, conservatives point to the market, whereas leftists typically support grassroots activism rather than top-down solutions.

But the substantive similarity between the two perversity theses also highlights a difference in the use of rhetoric: Unlike its conservative counterpart, the leftist perversity thesis is only seldom expressed in terms of the "unintended consequences" of law or policy. This divergence suggests that as opposed to perversity, the concept of "unintended consequences" does articulate some inherently conservative content, and that this content has affected its use in public policy discourse. Indeed, the penumbra of "the invisible hand of the market" that dominated the early social science

[27] Alternatively, liberal struggles for group recognition are perceived as "crowding out" demands for material redistribution (Fraser 2007).

usage of "unintended consequences" intersects with conservative convictions in two different respects.

First, the "invisible hand of the market" doctrine—and invisible-hand explanations in general—are an expression of methodological individualism, in other words, the explanation of social phenomena strictly in terms of individual, intentional actions. This methodology, which is typical of neoclassical economic analysis, tends to downplay or simply ignore the socioeconomic conditions that constrain individual action in a specific time and place (Aydinonat 2008, 4–5).[28] Accordingly, methodological individualism is particularly antagonistic to the Marxist class analyses that often undergird critical scholarship (Heath 2024).

Second, the invisible-hand doctrine is an expression of organic (or evolutionary) theory: the idea that certain social institutions (for example, law, language, money) emerge naturally and are superior to consciously designed institutions. In organic theories, the process of emergence typically involves actors who "seek to achieve their goals and . . . produce some or all of the results at which they aim, but simultaneously produce other results, effects of their own action which they *do not know* about" (Schneider 1962, 498, emphasis added). That is, according to organic theories, it is human ignorance rather than expert knowledge that ultimately produces the best social results; wisdom resides in social institutions in and of themselves, not in human reformers (ibid. at 498, 506). Thus, both methodological individualism and organic theory contain conservative content: Methodological individualism overlooks social predicaments; organic theory denies that policymakers have the ability to correct social predicaments.

The next section further explores the conservative content and usage of "unintended consequences," suggesting that the rise of neoliberalism is crucial for understanding its growing popularity since the 1990s.

V. "Unintended Consequences" as Neoliberal Rhetoric

The previous sections attempted to show how the concept of "unintended consequences" came to signify the (conservative) perversity thesis, and how this process gradually inverted the concept's original meaning in social theory. But it remains a puzzle *why* the "unintended consequences" argument gained currency in public discourse only around the turn of the twenty-first century, and why its popularity grew even further in the wake of the financial crisis.

What I suggest is that the ascendance of "unintended consequences" during this period cannot be detached from the simultaneous culmination of a neoliberal political order in the United States (Gerstle 2022, 1).[29] More specifically, I hypothesize that the popularity of the phrase should be evaluated in terms of its ability to capture the fundamental rationales of neoliberal policymaking.

Despite its enormous influence on world politics, neoliberalism remains an obscure and somewhat contested concept (Ricci 2020, 64–65). In the most general sense, it stands for the triumph of free-market policies, namely, "maximized competition and free trade achieved through economic deregulation, elimination of tariffs, and a range of monetary and social policies favorable to

[28] A classic example is Thomas Schelling's model of segregation, which explains segregated neighborhoods as an aggregate result of individual Black residents' decisions to move out of predominantly white neighborhoods, while ignoring the racial context that underlies such "individual" decisions (Schelling 1969).

[29] The identification of this political order as neoliberal reflects an external, critical tone. Within the US, the bearers of the ideas constituting this order do not identify as neoliberals but as neoconservatives or libertarians (Plehwe 2015, 2; Turner 2008, 6).

business and indifferent toward poverty, social deracination, cultural decimation, long-term resource depletion, and environmental destruction" (Brown 2005, 38). By the same token, neoliberals "introduce a radically new approach to welfare, where the overriding concern [is] not with providing social services to those in need, but with economic efficiency and eliminating dependency" (Turner 2008, 162).

According to the standard historical account, the main generator of neoliberal ideas and strategies in the first decades following World War II was the Mont Pèlerin Society: an international "thought collective" that was formed by Hayek to develop a proper intellectual response to the threat of totalitarianism and the failings of laissez-faire liberalism (for example, Gerstle 2022, 88; Mirowski 2013, 27–88; Plehwe 2015; Burgin 2012). The members of the society saw democracy as necessary for securing individual freedom, but also as "inherently dangerous because, in their view, democratic legislatures tend to disrupt the free market" (Cornelissen 2019, 508; Mirowski 2015, 443–44).

At the time, however, US economic policy was still dominated by the Keynesian model, according to which government action was constantly required in order to stabilize the economy (for example, Kotz 2015, 10–11). Planned capitalism was perceived as the magic formula that made it "possible to capture the benefits of the extraordinary productivity of capitalist systems while rationally avoiding their more brutal consequences and their instability" (Prasad 2006, 1), and critics of central planning were outliers (Philips-Fein 2009, x). Neoliberalism's political ascendance in the United States began with the economic turbulences of the 1970s, and intensified in the 1980s as Ronald Reagan assumed the presidency and began to "restore" the market by deregulating major industries and limiting the authorities of federal agencies (Turner 2008, 132, 160–65; Kotz 2015, 18–19, 22–24; Gerstle 2022, 121–23). But the high point of the neoliberal order in the United States actually came only in the 1990s, as President Bill Clinton, who faced a hostile Republican Congress, radically reoriented the Democratic agenda to fit neoliberal principles. This included substantial deregulation of the telecommunication industry and the financial sector, as well as "ending welfare as we [knew] it" by limiting cash assistance to the poor (Kotz 2015, 156–59; Zanoni 2023).

The idea that progressive government policies only hurt the people they are meant to help (that is, the perversity thesis) has become a "perennial neoliberal accusation" (Kennedy 2023, 227) and the economic style of reasoning has played a central role in translating neoliberal ideas into policy (Popp Berman 2022, 221). Increasingly employed by economists and implicitly articulating an immutable economic "law" of perversity, the argument about the "unintended consequences" of progressive reform became part of the neoliberal rhetorical tool kit.

Consider, in this respect, that not only did the total use of "unintended consequences" increase significantly since the 1990s, but the phrase (in its perversity meaning) had also become specifically associated with neoliberal policy arguments (Pasquale 2016, 309). Notably, the "unintended consequences" narrative was employed by conservatives to push back criticism of the deregulation policies that facilitated the subprime mortgage crisis, as well as to criticize subsequent attempts to reregulate financial markets (McCluskey 2012, 30–41; Gramm 2009; Hensarling 2012; Conrad 2012).[30] As Martha McCluskey explains, the "unintended consequences" argument professed to be "a relatively nonpolitical observation about the inherent risks in even the most modest and accommodating attempts by government to steer the market in the public interest," but was in fact used to defend economic measures that support upward redistribution (McCluskey 2012, 30–32). Indeed, "even after decades of neoliberal reconstruction, it is remarkable how many present-day

[30] Compare with Ofir and Mugerman (2021), who use "unintended consequences" to denote unexpected yet *not* perverse consequences of postcrisis financial regulation.

policy failures are still being tagged to intransigent unions, to invasive regulations, to inept bureaucrats" (Peck 2010, 7–8). In this context, the "unintended consequences" argument proved to be a useful form of whataboutism that, in the face of every failure of markets, pointed the blaming finger back to the government.

Evidence for the neoliberalization of "unintended consequences" may also be found in the activities of the Mercatus Center at George Mason University (GMU), a salient academic locus of the American neoliberal movement (Mirowski 2022), which "fills the role once played by the economics department at [the University of Chicago]" (Monbiot 2010). Heavily funded by conservative foundations and commercial interests (Conservative Transparency n.d.; DeSmog n.d.), Mercatus's home page describes the institute as "a research center . . . that advances knowledge about how markets solve problems and help us lead happier, healthier, and richer lives." In 2012, Mercatus established the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics (Mercatus Center n.d.). The program is codirected by Christopher Coyne, an economics professor at GMU and author of *Doing Bad by Doing Good: Why Humanitarian Action Fails* (2013). In 2014, the Center named a fellowship after Frédéric Bastiat, a nineteenth-century French economist whom Coyne and his GMU colleague Karras Lambert identify as one of the originators of the idea of "unintended consequences" (Lambert and Coyne 2023, 274). According to Coyne and Lambert, Bastiat's distinction between "seen" and "unseen" effects expressly bears on the perversity of government action and links perversity with "economic laws" (ibid. at 274–75). More broadly, while Coyne and Lambert acknowledge that "unintended consequences" could refer to harmless or desirable consequences, they focus their account of the concept on "empirical studies detailing the negative unintended consequences of interventions . . . instituted out of the benevolent motives of government actors" (272–73).

Since the late 1990s, Mercatus's fellows and students have produced hundreds of papers and articles specifically addressing the "unintended consequences" of well-intentioned state regulation (for example, "Regressive Effects of Regulation" (Thomas 2012); "Risky Business: When Safety Regulations Cause Harm" (Abdukadirov 2015); "When Regulations Turn Deadly: The Connection Between Federal Regulation and Mortality in the 50 States" (Broughel and Chambers 2021); and "Subsidizing Addiction: Do State Health Insurance Mandates Increase Alcohol Consumption?" (Stratmann and Klick 2003)). But importantly, Mercatus does not make do with academic research and actively engages in lobbying.[31] According to *The Wall Street Journal*, "when it comes to business regulation in Washington, Mercatus . . . has become the most important think tank you've never heard of . . . a kind of shadow regulatory authority" (Davis 2004).

The affinity that was created between neoliberal agendas and the "unintended consequences" argument is not accidental. Rather, I argue, it became possible (and useful) because "unintended consequences" in the perversity sense is a potent articulation of neoliberal ideology. To follow Michel Foucault, the American variant of neoliberalism stands for an "unlimited generalization of the form of the market" (Foucault 2008, 243) whereby "the market economy and the typical analyses of the market economy [are used] to decipher non-market relationships" (ibid. at 240). This generalization of the market takes two forms: first, "extending the economic model of supply and demand and of investment-costs-profit so as to make it a model of social relations and of existence itself, a form of relationship of the individual to himself, time, those around him, the group, and the family" (242), and second, "scrutinizing every action of the public authorities in terms of the game of supply and demand, in terms of efficiency with regard to the particular

[31] According to the Mercatus Center homepage, "taking full advantage of markets to solve problems requires far more than publishing papers," and therefore, "Mercatus scholars put as much care into effective communication and outreach as they do in the research itself."

elements of this game, and in terms of the cost of intervention by the public authorities in the field of the market" (246).

The first form is epitomized in the work of Gary Becker from the economics department at the University of Chicago, who applied economic analysis to areas such as family, health, discrimination, and criminal justice (Becker 1957; Becker and Landes 1974; Becker 1991; Becker 2007). The clearest articulation of the second form is the executive order issued by President Reagan in 1981 that subjected every major rule proposed by federal executive agencies to cost-benefit analysis (Exec. Order No. 12291, 3 C.F.R. 127 (1982), *reprinted in* 46 Fed. Reg. 13193 (Feb. 17, 1981); Popp Berman 2022, 227). This expansion of the economic rationale to all realms of human life and government demonstrates that while the market is the constitutive category of neoliberal rationality, neoliberalism is far more than a strictly economic project (Brown 2005, 39–40).

Moreover, as the above indicates, the neoliberal vehicle for expanding the form of the market to all social relationship is not private initiative, but the state apparatus itself (Brown 2005, 40–44). Neoliberals understand that the market cannot sustain itself, and that some central government is required to provide the proper infrastructure for economic activity (Johnston 1997; Slobodian 2018, 2). Hence, what distinguishes neoliberalism from traditional laissez-faire liberalism (and from libertarianism, for that matter) is its positive approach toward the state. Neoliberals desire to strengthen and universalize the market *by means of the state*, not simply to limit state power and preserve the market as a separate, unregulated sphere of activity (Foucault 2008, 130–35). "In all the texts of the neoliberals," Foucault notes, "you find the theme that government is active, vigilant, and intervening in a liberal regime" (2008, 133; see Brown 2005, 40). In other words, neoliberalism is about what the government *should* do just as much as it is about what the government shouldn't do.

By and large, what the neoliberal government should do is create a legal and institutional framework that lays down general and abstract rules of conduct (for example, rules of contract and property), while avoiding policy measures that aim to realize specific social goals (for example, increasing employment, mitigating poverty). Indeed for Hayek, the only type of equality that can be legitimately sought by the state is equality before the law, not equality in social outcomes (Hayek [1976] 1982, 80–86, 135–36, 143–44; Turner 2008, 150–51). The market is likened to a game, where a "fair" outcome could mean no more than the outcome obtained when all participants adhere to the same rules (Johnston 1997, 84). But the game must have winners and losers; the idea of "social/distributive justice"—that is, that it is possible for no one to be on the losing side—simply makes no sense in the context of a market economy, and any attempt to pursue it is destined to fail (Feser 1997, 582–90). Hence, upholding the rule of law in a market order means having *no (collective) intended end* other than the perseverance of the order itself. The rules "must never be rectifiable by reference to the [social] effects produced" (Foucault 2008, 172–73). But the rules do exist, abundantly so, and the market is never really seen as "self-regulating." Indeed, one of the "double truths" of neoliberalism is publicly declaring hostility to the "nanny state" while internally acknowledging the massive state infrastructure required to maintain a market order (Mirowski 2015, 417, 436, 444–45).

Now, if the neoliberal idea is to make the market into the state's universal mode of operation, it clearly requires a stronger justification than the one embedded in the "invisible-hand" version of "unintended consequences." What needs to be established is not only that the market carries a uniquely beneficial logic that bears no external intervention, as the classic account of the invisible hand suggests, but also that central planning in social matters is inherently detrimental and undermines its own goals (Turner 2008, 115–16). Only the combination of the former and latter

could entail that "there is no alternative" (TINA) (Grewal and Purdy 2014, 6n17; Popp Berman 2022, 221), and therefore the government should subject all social relations to market governance and avoid progressive policymaking altogether. Indeed, foundational texts of American neoliberalism, such as Milton Friedman's *Capitalism and Freedom*, labor to demonstrate the perverse effects of progressive policy measures just as they labor to show that the market is the ideal form of social organization (Friedman [1962] 2002, 7–22, 177–96; Kristol 1978, 56).

I suggest that the semantic transformation of "unintended consequences" and its ascendance in political discourse may be best understood in the context of this twofold neoliberal project, that is, the effort to tout not only the benefits of market governance, but also the incompetence of the democratic regulatory state. Owing to its original meaning in social science theory, "unintended consequences" still echoes the first idea—that positive, unforeseeable outcomes may result from the aggregation of myriad uncoordinated individual actions. Yet at the same time, its latter meaning conveys the idea that government policies have perverse and predictable consequences, which is an equally important pillar of neoliberalism.

Arguably, it is this duality of meanings that contributed to the popularity of the "unintended consequences" argument in public policy discourse when neoliberalism gradually took hold of American politics, and even more so in the wake of the global financial crisis, when the eternal wisdom of markets and other fundamental premises of neoclassical economics were severely undermined (for example, Krugman 2009). Indeed, rather than pulling the rug from under neoliberals' feet, the crisis provided another opportunity to "fail forward" (Peck 2010, 23) and reestablish the neoliberal creed. As Mirowski has argued, for neoliberals, "nothing was ever intrinsically wrong with the mortgage market . . . the snafu came when governments sought to reign [sic] them in, encourage them, or call them to account. The bureaucrats had presumed to control something they could never fully comprehend. *Nothing about the market had changed, it was only the hubris of the governing class that brought the system to the precipice of collapse*" (Mirowski 2013, 342–43, emphasis added).

VI. Conclusion

"Unintended consequences" is a popular trope in the social sciences and in public policy discourse. But it is clearly being used in more than one sense, and these multiple meanings make it hard to identify the full extent of the ideas it conveys in different contexts, as well as their broader political implications.

The article suggests that the meaning of "unintended consequences" has shifted considerably since the beginning of the twentieth century, moving from an articulation of the "invisible hand of the market" concept to a restatement of Albert Hirschman's perversity thesis. Importantly, it was largely the second meaning—or more precisely the *combination* of both meanings—that was conducive to the policy agendas of American neoliberalism on its path from a marginal intellectual project to a dominant political order. Therefore, I suggest, the popularity of "unintended consequences" in public policy discourse cannot be understood apart from the rise of neoliberalism in American politics.

Many words and phrases are distinctly identified with neoliberalism and neoliberal values (Holborow 2016). But "unintended consequences" is worthy of independent study because of its long lineage in social theory, which begins well before the emergence of neoliberalism. As opposed to classic neoliberal terms such as "human capital," "unintended consequences" was not simply

popularized by neoliberals;[32] its content was substantively transformed by tapping into the wealth of its preexisting meanings. As the article demonstrates, the concept of "unintended consequences" captures two opposite scenarios: one where seemingly negative (or benign) actions lead to beneficial results ("invisible hand"), and one where seemingly positive actions lead to harmful results (perversity). Typically, each scholar or school employing the term invoked only one of these scenarios, but the neoliberal usage of the term managed to preserve both trajectories by assigning one to the market and the other to state regulation. Thus, tracing the shifting meanings of "unintended consequences" not only illuminates the evolution of this intriguing concept, but also demonstrates how neoliberal reasoning draws upon preexisting and contemporaneous intellectual trajectories (functionalism, neoconservatism, collective action theories, etc.).

Moreover, the analysis of the "unintended consequences" argument as neoliberal rhetoric contributes to our understanding of current political debates, where democratic government is continuously challenged—now under the guise of authoritarian populism. The analysis highlights that while "unintended consequences" professes to be a case-specific, empirical prediction about particular predictable consequences of government reform, often it merely reiterates presumed "universal laws" about human nature and the workings of markets. This quality allows the argument to seem applicable and potent in endless policy contexts, without actually requiring the speaker to establish its relevance (for example, Bode 2009). It may also explain why the argument endures countless empirical refutations.[33]

Furthermore, by explicating the intellectual history of "unintended consequences" and the specific premises it articulates, the current analysis indicates three possible strategies for response. The first type of response to an "unintended consequences" argument should be *contextualization*: namely, inquiring whether the putative "unintended consequences" are indeed to be expected given the *specifics* of the suggested policy and the relevant market. Adaptation to the specific context will sometimes reveal that the actual prospects of perverse results are low. Thus, for example, the effect of a minimum-wage increase on employment rates depends, inter alia, on the specific magnitude of the increase. As Hirschman argues, to the extent that the raise is established realistically, it "could have a positive effect on labor productivity and consequently on employment" (Hirschman 1991, 28). Similarly, as Duncan Kennedy (2023) has recently argued, the claim about the perverse effect of banning abusive consumer contract terms does not hold when applied specifically to the retail credit market in poor, racially segregated neighborhoods. Thus, insisting on contextualization could significantly affect the weight of an "unintended consequences" argument.

A second response to "unintended consequences" should be *questioning perversity*. In ideological versions of the argument, the definition of the consequences as perverse or self-defeating is often controversial. For example, the fact that unemployment insurance temporarily increases unemployment (for example, Feldstein 1974; 1978) may be seen as a desirable, rather than a perverse result of welfare policy, as it provides workers with time and bargaining power that may allow them to secure better jobs. Similarly, if subsidies for single mothers lead to an increase in single parent households (Murray 1984, 147–67), this could be seen as a positive outcome, suggesting that women are able to make decisions about partnership and cohabitation based on choice, rather than economic necessity. In such contexts, depicting the outcomes of welfare policy as perverse may simply obscure the effects of socioeconomic hierarchies that markets themselves precipitate.

[32] "Human capital" was popularized in the 1960s by members of the Chicago School, notably Theodore Schultz and Gary Becker (for example, Becker 1964).

[33] Indeed, according to Popper's classical insight, a conjecture that cannot be refuted by any empirical observation is not a scientific one (Popper 1962a).

Last, a third response to "unintended consequences" arguments is insisting on *creativity* in regulatory design. There is never a single way to promote a particular progressive cause; therefore, if a specific regulatory measure is likely to trigger perverse results, the solution is not to abandon the goal but to come up with alternative means (Kennedy 1976, 1749–50). Indeed if an "unintended consequences" argument is meant to be constructive—if it is argued candidly and not merely ideologically—it should encourage further deliberation of regulatory design, not end the discussion.

Contextualization, questioning perversity, and creativity can cut through the fact-based, sophisticated appearance of "unintended consequences" and wear down the rhetorical edge it provides to critics of progressive reform. Furthermore, these responses clarify that being skeptical about the perverse results of progressive policies does not mean ignoring the basic principles of economics or turning a blind eye to reality. More likely, it means simply insisting that policymaking should not be guided solely by a market perspective, which disregards essential dimensions of the human experience.

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