

# Common Grace and the Competitive Market System

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This article reviews the biblical doctrine of common grace and evaluates the consistency of competitive free markets with that doctrine. Common grace helps explain much of the good found in a fallen world, while also providing an explanation for why fallen men do not act worse than they do. Competition is seen as a form of God’s common grace because it provides the institutional incentives to constrain market participants from predation and exploitation, while encouraging social cooperation and mutually beneficial exchange.

How can it be that institutions that serve the common welfare and are extremely significant for its development come into being without a common will directed towards establishing them?<sup>1</sup>

—Carl Menger

How shall we solve the problem of the bad which the Bible ascribes to unregenerate men and those “excellent” deeds performed by these same unregenerate and pagan men? And we cannot say of these excellent deeds that they are splendid vices. We cannot call them the products of sin. Sin will not produce such good results.<sup>2</sup>

—H. Henry Meeter

## Introduction

In *The Fatal Conceit*, F. A. Hayek defends free markets against the errors of socialism by lauding the free market's evolutionary process, which leads to an extended order. For Hayek, the leap of extending the gains from trade beyond narrow social groupings (such as the family or tribe) to those we do not know—and may not even like—requires submission to abstract rules, conventions, and evolved morality.<sup>3</sup> Hayek argues that the evolutionary process of trial and error has resulted in a system of morality that includes knowledge and wisdom “incomparably more complex than what any individual mind can command,” and requires “many differing individuals to absorb . . . it.”<sup>4</sup> Following Adam Smith, Hayek argues that with an extended order, “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.”<sup>5</sup> If individuals cannot see the effects of their specific actions, it is impossible to apply a moral calculus to their actions; we are left to follow abstract rules and conventions. But is there stronger support for the morality of competitive markets?

In Hayek's classic “Competition as a Discovery Procedure,” he argued that the way economists commonly think of competition fundamentally misunderstands its essential function. Rather than the textbook definition of perfect competition—where markets assume given knowledge and optimally allocate resources—competition serves to discover hitherto unknown and unavailable knowledge (tastes and preferences, best production technique, relative scarcities, and so on).<sup>6</sup> For Hayek, the market is a process—a process of knowledge discovery. Yet competition serves broader purposes than simply as an economic system to allocate scarce resources—the competitive market system can also be shown to be an institution of God's common grace. In this article, I will argue that competition as exemplified in free markets is consistent with the Christian doctrine of common grace: first by reviewing that doctrine, then, following Berkhof's taxonomy, by describing how markets manifest common grace.<sup>7</sup>

## Common Grace

The eyes of all look to You,  
And You give them their food in due time.  
You open Your hand  
And satisfy the desire of every living thing.

—Psalm 145:15–16

A major stumbling block for many in deciding whether to embrace a belief in God is the problem of evil in the world. Why would a supposedly loving God allow bad things to happen to so-called good people? Yet theologians often question the opposite problem: Why do good things happen to bad (fallen) people? For those believing in original sin and the holiness and righteousness of God, the amazing conundrum is not whether bad things happen to good people (there are no good people; see Mark 10:18), but rather why does rebellious humanity—with no right to anything except condemnation—receive so many blessings in life? Why in a cursed world, is a thorn bush yet full of roses? Common grace helps answer these questions.

The concept of a nonsaving grace can be found at least as far back as Augustine. While not calling it common grace, Augustine nevertheless identified a grace that allows humanity to live. Calvin more formally developed the doctrine, although he likewise cannot be credited with the term that was adopted by later Reformed theologians, particularly the Dutch theologian Abraham Kuyper.<sup>8</sup> By recognizing the routine blessings in life as part of God's grace, Calvin was able to include all of life as governed by the divine will.<sup>9</sup> Common grace provided Calvin an explanation for the positive works of totally depraved men and women and avoided deprecating gifts of God to unbelievers.<sup>10</sup> While common grace was distinct from particular grace that saves, the Reformers did not see the differing manifestations of grace as emanating from two different graces of God; rather, God's singular attribute of grace manifests itself in different ways for different purposes.<sup>11</sup>

What, then, is common grace? The answer is implicit in its name. This grace is common; it is available to all, to God's elect as well as to the nonelect. Furthermore, what is common is God's grace: blessings that are unmerited and sovereignly bestowed by God. Common grace, therefore, is the general favor of God that accrues to humanity in any manner of unmerited blessings. It explains why rain falls on the just, as well as the unjust (Matt. 5:45). It explains why nonbelievers, who are hostile to God and unable to obey him (Rom. 8:7–8), are nevertheless able to do great things that benefit all mankind. In other words, common grace is behind every good and perfect gift that is from the Father (James 1:17)—every good thing that none of us deserve. As Tim Keller says, “every act of goodness, wisdom, justice, and beauty—no matter who does it—is being enabled by God. It is a gift, and therefore some form of grace.”<sup>12</sup>

Common grace has been most embraced by Reformed theologians because it fits well with their focus on God's sovereignty.<sup>13</sup> For the Reformed, unbelievers add wrath to themselves by not praising God for his common grace, while the elect see increasing favor.<sup>14</sup> Nevertheless, there is a subset of Reformed theologians

(such as Hoeksema and Schilder) who deny common grace altogether, based on the objection that God cannot show favor to those under his wrath.<sup>15</sup> Yet common grace is inherently social; when God shows favor to unbelievers, he also shows favor to the elect. Do not the skills given to an unbelieving doctor bless God's people who are under the doctor's care? As Berkhof says, God "could not be good, kind, or benevolent to the sinner unless He were first of all gracious."<sup>16</sup>

## Common Grace Curbs the Destructive Power of Sin

[Adam] Smith's chief concern was not so much with what man might occasionally achieve when he was at his best but that he should have as little opportunity as possible to do harm when he was at his worst. It would scarcely be too much to claim that the main merit of the individualism which he and his contemporaries advocated is that it is a system under which bad men can do least harm. It is a social system which does not depend for its functioning on our finding good men for running it, or on all men becoming better than they are now, but which makes use of men in all their given variety and complexity, sometimes good and sometimes bad, sometimes intelligent and more often stupid.<sup>17</sup>

—F. A. Hayek

The first aspect of common grace is seen in God's merciful restriction on the evil that fallen individuals may do. As Kuyper suggests, the restraint of sin's destructiveness is the essence of common grace with a foundation of God's mercy: "This grace is neither an everlasting grace nor a saving grace, but a temporal grace *for the restraint of ruin that lurks within sin*."<sup>18</sup> It seems likely that the restriction of evil is part of God's beneficence toward "vessels of mercy," so that God might make known the riches of his glory (Rom. 9:22–23). As Berkhof rightly notes, "If God was going to save any people out of the world, it would be necessary for God to check the evil that men could otherwise do."<sup>19</sup> Kuyper attributed this understanding of common grace to Calvin<sup>20</sup> who describes a grace that does not purify but rather restrains evil:

But we ought to consider, that, notwithstanding of the corruption of our nature, there is some room for divine grace, such grace as, without purifying it, may lay it under internal restraint. For, did the Lord let every mind loose to wanton in its lusts, doubtless there is not a man who would not show that his nature is capable of all the crimes with which Paul charges it (Rom. 3 cf., Ps. 14:3).<sup>21</sup>

Evil in this world is constrained by virtue of our maintaining some aspects of being created *Imago Dei*. Kuyper describes one essence of *Imago Dei* being true knowledge, righteousness, and holiness—which we have lost to a large degree due to the fall—yet common grace ameliorates this loss.<sup>22</sup> Hodge further argues that as God is everywhere regulating the affairs of the world through the laws of nature, so he is also everywhere present in our minds. The Spirit of Truth influences us in our choices, while we yet maintain free moral agency. In this view, even unbelievers have the Holy Spirit inclining them to do good and to avoid evil.<sup>23</sup> All people have the gift of conscience, with their consciences bearing witness to their actions (Rom. 2:14–15). Our conscience, which speaks with an authority that we know introspectively to be outside our natural fleshly desires, is therefore a constraint on the evil we would otherwise do.<sup>24</sup>

Evil is also constrained with institutions that God ordains or providentially allows. The clearest example is that of the government as the bearer of the sword. Romans 13:1–7 explicitly describes governing authorities as ministers of God, to avenge evil and therefore to restrain wickedness. It is important to note that kings and rulers in authority are God’s ministers to us despite the fact that human governance is not necessarily God’s perfect will;<sup>25</sup> Israel rejected God as their king and demanded a human king so they could be like the world (1 Sam. 8). Yet despite Israel’s sin, God calls government *his* minister, accomplishing *his* purposes. Even human-chosen institutions are under God’s sovereign control.

While the institution of government is one instrument of common grace, other human institutions may be also. Competitive free markets are an emergent order but are not outside of God’s sovereign will. The institutions of private property and the rule of law are the essential requirements for competitive free markets, and the Bible calls for the protection of both. In *Rerum Novarum*, Pope Leo XIII ably describes the necessity of private property and rule of law in his condemnation of the alternative to private property, collectivism:

Hence, it is clear that the main tenet of socialism, community of goods, must be utterly rejected, since it only injures those whom it would seem meant to benefit, is directly contrary to the natural rights of mankind, and would introduce confusion and disorder into the commonweal. The first and most fundamental principle, therefore, if one would undertake to alleviate the condition of the masses, must be the inviolability of private property.<sup>26</sup>

As Hayek’s introductory quote suggests, competitive free markets that emerge out of a classical liberal social order are valued most by their proponents (such as Adam Smith) for the constraints that they place on fallen humanity. It is precisely the competition aspect of free markets that is the limiting constraint, as competition

incentivizes individuals to cooperate with others through effective service. Should fallen individuals act according to their fleshly nature and seek to exploit other market participants (from either a buyer or seller's perspective), there will be others who will cooperate more effectively and gain the profit, while the fleshly person will suffer loss. Thus, dishonest and untrustworthy business owners are punished in a competitive market by customer's "voting with their feet."<sup>27</sup> When businessmen are slothful, they find costs exceeding revenue; likewise present-focused businesswomen find it difficult to make long-term capital investments that allow them to serve competitively over the long term. Capital tends, therefore, to flow from those that do not master their fleshly nature to those that do. This does not necessarily mean that competitive free markets make people better (or lead to our sanctification). As Berkhof suggests, this aspect of common grace has God curbing the perverseness of nature without making mankind inwardly pure.<sup>28</sup> Thus, competition curbs predation, but it does not of necessity sanctify.

## **Common Grace Maintains a Measure of the Moral Order**

The second form of common grace, maintaining some measure of moral order in a fallen world, is the other side of the coin of restricting the destructiveness of sin. Not only does God constrain evil in society, but he also preserves some measure of the good. With the fall, Augustine notes that our will is a slave, and our free will having been made captive is unable to do anything with regard to righteousness. Yet with the Spirit's assistance, we may be obedient, and uphold morals in society.<sup>29</sup> Just as our conscience aids in restraining evil, it also assists in encouraging positive actions. Most humans are able to periodically deny their fleshly nature and sacrifice for others; this, too, is God's common grace. As Grudem notes, this inward sense of right and wrong will often have unbelievers choose to behave in a manner consistent with God's revealed will.<sup>30</sup> In part, this aspect of common grace is supported by God's sovereign, providential ordering of life. The principle of "reaping and sowing" generally applies in this life, such that actions consistent with God's will lead to better results, while those actions that are against God's will tend to result in poorer results. Thus, many unbelievers behave morally, even if they attribute it to good karma rather than to obedience to God's will. Grudem argues that this points toward God's warning of final judgment; those who are obedient face a positive eternal outcome while those who are disobedient see the warning of judgment to come.<sup>31</sup>

Human institutions are also a source of maintaining a measure of the moral order, both those explicitly ordained by God and those that God providentially

directs. The institutions of marriage, family, and the church help provide a stabilizing force to prevent societal decay; when these institutions decay, societal consequences are negative.<sup>32</sup> Niall Ferguson outlines similar outcomes when more general social institutions (government, rule of law, markets, and so on) decay.<sup>33</sup> Every piece of legislation has moral underpinnings; therefore, somebody's values are enshrined in public policy. To the extent that institutions support godly values, the moral order is preserved.<sup>34</sup> To the extent they do not, societies decay.

The institution of competitive free markets helps preserve a measure of the moral order in a number of ways. First, godly values in commerce are rewarded, just as we saw earlier that wicked behavior is punished. The virtues of honesty, hard work, prudent risk taking, future orientation, and so on are all rewarded in a competitive market setting.<sup>35</sup> Note, this does not mean that Christians necessarily do better in business; this is a form of *common* grace suggesting that those individuals who act consistently with godly values will, *ceteris paribus*, have a higher level of success. Second, morality is necessarily a social question, usually in how we behave in relation to others but always in our relationship to God. As individuals pursue their self-interest, gains from trade obviously only occur with trade; that is, one must cooperate with others, must understand what their needs are, and must seek to satisfy those needs. Thus, markets are inherently social as they incentivize cooperation with others and encourage service. The caricature of rugged individualism is completely misplaced in competitive free markets because market competition is in essence cooperation with others—a moral value in itself because cooperation necessarily means considering others as well as ourselves (Phil. 2:4). Remuneration in competitive markets also supports a moral order because remuneration is by way of a social imputation of economic value; people are remunerated in proportion to how well others perceive the value of their service, as expressed by others' willingness to purchase their output. This tends to encourage positive actions by market participants acting in their own self-interest.

## Common Grace Distributes Gifts and Talents in Varying Degrees

Even when God gives great gifts to non-believers, they are, in a more basic sense, gifts to believers. Gifts of God to unbelievers help to make the life of believers possible, and in a measure, pleasant. But this doesn't detract from the fact that the unbeliever himself is, in a measure, the recipient of God's favor.<sup>36</sup>

—Cornelius Van Til

That gifts and talents are distributed in varying degrees is self-evident. Some are endowed with beautiful voices, others might be physically strong, while some might simply have the gift of a positive attitude. Further, it is known that every good gift comes from God (James 1:17), and this includes our individual talents (1 Cor. 4:7), for what do we individually have that we did not receive? These gifts and talents must be recognized as a blessing from God—they are blessings to both the recipient and, to the extent that they are used in the world, to everyone else. Consider Steve Jobs. While not a Christian, he was given incredible gifts, talents, and insights as to how to serve others. When he died, his reported net worth was significantly lower than the capital value of Apple Computer (Apple was capitalized at ~\$350 billion in August 2011, whereas Jobs' net worth at his death was estimated at ~\$6.7 billion).<sup>37</sup> The capital value of Apple reflected the market's imputation of the present discounted value of future cash flows, but implicit in that social imputation was an assessment of the ability of Apple to continue serving customers in the future. Mr. Jobs' performance at Apple Computer did serve to enrich him, but his remuneration was small in comparison to the value he created for the shareholders of Apple. Yet when we think of Mr. Jobs, as well as the millions of entrepreneurs and entertainers that make effective use of their God-given talents, dare we not praise God for these gifts? Did not Solomon recognize the skill of the workers in Tyre and Lebanon when he built the temple, a temple that he dedicated to God in praise—a temple that God subsequently accepted as his house (2 Chron. 7:16)? As Van Til says, when we read “profane authors” that yet reflect God's truth, it should first remind us that although fallen, the human mind yet is “adorned with gifts from its creator.”<sup>38</sup> Grudem similarly argues that when unbelievers have great understanding and intelligence, the partial truth they have must be seen as a result of God's grace.<sup>39</sup> And with our realization that the Holy Spirit is the only source of truth, we should be careful not to denigrate the gifts that the Holy Spirit gives.<sup>40</sup>

Diversity in the individual gifts and talents given to humanity results in a broad tapestry of God's design, and consideration of that diversity leads to a realization that the recipient's effective use of their God-given talents is a social blessing. As Kuyper writes, God intended diversity even in the creation of male and female,

so we may draw no other conclusion than that the rich variety among people, in terms of aptitude and talent, came forth from the creation itself and belongs to the essence of human nature. If this is so, then it follows automatically that in relation to the image of God, no single human being bears this feature of God in its fullness, but that all talent and all genius together comprise the capacity for incorporating within itself this fullness of the thought of God.<sup>41</sup>

Individuals are part of a broader whole, with their contributions building on others that went before, and consequently providing a foundation for those to come. Mr. Jobs benefited from innovations that preceded him, and other firms benefitted in a collaborative fashion with him (such as Microsoft making Mac-compatible Office software), and firms in the future will benefit from innovations made by Apple in the past. Kuyper, anticipating Hayek, applied this insight more narrowly to science, “science arises from the fruit of the thinking, imagining, and reflecting of successive generations in the course of centuries, and by means of the cooperation of everyone. Each person does indeed possess individual knowledge, that is, the fragmented knowledge that a person acquires . . . [science] originates only through the cooperation of many people.”<sup>42</sup> F. A. Hayek applied this concept more broadly, arguing that the most effective economic system would be the system that could most effectively solve the “problem of the utilization of knowledge which is not given to anyone in its totality.”<sup>43</sup> Both Kuyper and Hayek view social cooperation as fundamental to progress because each of us has differing gifts, talents, and knowledge.<sup>44</sup> Competitive free markets provide the social space for these differing gifts and associated knowledge to be shared because markets are able to incentivize the voluntary sharing of gifts and knowledge. Further, competitive markets do not simply distribute gifts; firms within a market system *develop* the gifts that are entrusted to their employees. As Cawley and Snyder note, “hiring, placing, developing, rewarding and retaining specific talent is central to [a firm’s] competitive advantage.”<sup>45</sup>

## Common Grace Promotes the Development of Science and the Arts

Every advancement in human learning, every work of art, and every scientific discovery is simply God “opening his book of creation and revealing His truth” to us.<sup>46</sup>

—Tim Keller

Christian thought on science and the arts can appropriately be summed up in the apostle Paul’s doxology in Romans 11:36: “For from Him and through Him and to Him are all things. To Him be the glory forever. Amen.” Christians rightly suggest that Truth has a name, and his name is Jesus (John 14:6). Thus, Kuyper would argue that all true science is God’s science, and all true art is God’s art, as whatever is true must be of God.<sup>47</sup> Analogous to Milton Friedman’s quote that “there is no Austrian economics—only good economics, and bad economics,”<sup>48</sup> Kuyper would therefore argue there is no secular science or Christian science;

there is simply science that is or is not in accord with the truth of God. Not only does this view suggest that Christian scientists can use secular science (to the extent that it is consistent with God's truth), but it provides a strong calling for scientists: They, like theologians, are studying the divine.<sup>49</sup> As Proverbs 25:2 says, "It is the glory of God to conceal a matter, but the glory of kings is to search out a matter."

As human beings "search out a matter," the discovery process progressively advances civilization. Kuyper suggests that this is "calculated to make human life and the life of the whole world pass through a process and develop itself more fully and richly."<sup>50</sup> Thus, common grace can be seen to not only restrain evil but also to enable humanity, created *Imago Dei*, to flourish. Van Til argues that in restraining our ethical hostility to God, God releases our creatural powers to make contributions to the fields of art and science.<sup>51</sup> As these scientific discoveries occur, they not only progressively enable increased dominion of the earth, but they testify to the power of common grace. Kuyper points to common grace as first explaining how unbelievers can nonetheless make incredible contributions to the world through their intellect and insights into the natural order, and second, explaining how science ameliorates the effects of the fall.<sup>52</sup> Likewise, art is an expression of common grace in that fallen humanity can yet act in creative ways—while the *Imago Dei* is marred, by God's grace it is not completely darkened.<sup>53</sup> As Kuyper describes, "the artist has a sharper eye. He sees what you do not see. He has a more fertile imagination and captures in the mirror of his imagination things that escape your notice." Then he continues, the positive "effect of art occurs independently of the vanity or the self-conceit of the artist."<sup>54</sup>

Competitive free markets act as a similar measure of common grace. The institution of free markets is often the outlet for scientific and artistic discoveries as the system is not only efficient in information transmission but also in the rapid delivery of beneficial products and services to those who most highly value them. Many scientific discoveries and improvements in technology either directly or indirectly lead to advances in products that consumers demand, and competitive forces tend to lead to a sharing of the gains of trade.<sup>55</sup> Indeed, firms that do not embrace technological change as fast as others become part of Schumpeter's entrepreneurial creative destruction;<sup>56</sup> competition forces firms to pursue technological advantage and to provide increasing quality at cheaper prices. Note that this is not simply the incentive to "get rich" (although those at the front of the pack often earn superior profits), but rather the incentive is also *to survive*. Market incentives of profit *and* loss ensure that those who are not

competitively embracing technological and scientific change that could improve products for consumers will not survive.

Because the very nature of scientific discovery is uncertain, and transformational technology often comes from outside the firm, competitive free markets drive entrepreneurial creativity and search for new and better ways to serve customers. Markets create the social space where individual firm success provides not only direct benefits to the individuals involved in trade but also creates positive externalities to other firms as they incorporate new knowledge into their own operations. For just one example, Walmart did not create the computer technology that enabled “just in time” logistics, but they were pioneers in employing such technologies to improve their supply chain management.<sup>57</sup> In effect, competition forces creativity through an application of Kirznerian entrepreneurship; entrepreneurs must be “alert” to opportunities to employ new technologies and embrace science that might improve their operations.<sup>58</sup> Driven by competitive market incentives, Kirznerian alertness echoes Kuyper’s observation above that the “artist has a sharper eye, to see what we do not see.” Therefore, we often see pioneering artists remunerated handsomely in the competitive free market due to their creativity, whether of music from Taylor Swift or films from New Line Cinema. Nevertheless, just as art cannot be excused from following God’s law, and disgraces itself by seeking that freedom,<sup>59</sup> so, too, competitive activities in markets must be condemned when the activities defy God’s law (e.g., prostitution).

## **Common Grace Shows Unmerited Blessings/ Gifts on Men**

Moreover, let us not forget that there are most excellent blessings which the Divine Spirit dispenses to whom he will for the common benefit of mankind. For if the skill and knowledge required for the construction of the Tabernacle behaved to be imparted to Bezaleel and Aholiab, by the Spirit of God (Exod. 31:2; 35:30), it is not strange that the knowledge of those things which are of the highest excellence in human life is said to be communicated to us by the Spirit. Nor is there any ground for asking what concourse the Spirit can have with the ungodly, who are altogether alienated from God? For what is said as to the Spirit dwelling in believers only, is to be understood of the Spirit of holiness by which we are consecrated to God as temples. Notwithstanding of this, He fills, moves, and invigorates all things by the virtue of the Spirit, and that according to the peculiar nature which each class of beings has received by the Law of Creation.<sup>60</sup>

— John Calvin

As outlined in the introduction, theologians have long wrestled with not only why bad things happen to good people but also why bad people have blessings bestowed on them. Common grace is one explanation for these blessings; it is a gracious act on the part of God to give unbelievers even their next breath of air. Why would God extend this blessing? Berkhof suggests, “Perhaps the divine good pleasure to stay the revelation of His wrath and to endure ‘with much long-suffering vessels of wrath fitted unto destruction,’ offers a sufficient explanation for the blessing of common grace.”<sup>61</sup> Berkhof further argues that while many theologians would be loathe to say that Christ’s atonement merited blessings for the impenitent, “in every covenant transaction recorded in Scripture, it appears that the covenant of grace carries with it not only spiritual but also material blessings ... and those blessings are generally ... shared also by unbelievers.”<sup>62</sup> Grudem likewise writes that God’s common grace produces food and materials in great abundance and diversity, even to his enemies.<sup>63</sup>

It is almost superfluous to write that competition in free markets provides significantly higher output and product diversity than any other economic system. As Milton Friedman has said, “The record of history is absolutely crystal clear, that there is no alternative way so far discovered of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by the free-enterprise system.”<sup>64</sup> The gains from competitive free markets are only increasing as globalization has expanded the number of people benefitting from open economies—both in terms of a reduction in poverty as well as global income inequality.<sup>65</sup> If God’s common grace provides the blessings of food in abundance and diversity, and competition leads to increases in both quantity and quality of goods and services, then competitive free markets seem to be an institution of God’s common grace.

## **Common Grace Leads Men to Glorify God**

Indeed, science does not come into existence as if one of the best architects had prepared a detailed blueprint for the building of this temple and then the following generations, by mutual agreement, calmly carried on the work of that original blueprint and so gradually made the temple rise on high. Instead, the entirety of the temple is built without a human blueprint and without human agreement.... And when now across the endless confusion it nevertheless appears that, in the course of the centuries, a temple is rising out of the apparently disorderly work that exhibits steady lines, manifests style, and already has us guessing how the entire building shall be completed,

then it must be acknowledged and confessed, that all this work has been imperceptibly led and directed by an Architect and Artist that nobody sees.<sup>66</sup>

—Abraham Kuyper

If, as the Westminster Shorter Catechism puts it, the chief end of man is to glorify God and enjoy him forever, then to the extent that common grace points all humanity to God, that in itself is a form of common grace. While Berkhof does not explicitly list this sixth facet of common grace, if we carefully reflect on the blessings of life, the results of common grace are so obviously beneficial that we all *should* have grateful hearts for the unmerited blessings that come our way. I use *should* in this section as a normative concept only; the extent to which this does not occur does not negate the reality that anything that points us to God is a good thing, even if we willingly “exchanged the truth of God for a lie” (Rom. 1:25). As a traditional doxology puts it, Christians rightfully praise God “from whom all blessings flow,” yet common grace is a call also to the unbeliever—a regular hint of the divine. As common grace allows humanity to increasingly take dominion over the earth, God is glorified.<sup>67</sup> For Kuyper, both particular and common grace can be seen from a doxological context; that is, all things are done for the glory of God.<sup>68</sup> As the providential hand of God is unveiled in history, we should “acknowledge and confess” that this has been “led and directed by an Architect and Artist that nobody sees.” In Kuyper’s view, as order comes from what seems to be chaos, we should see the hand of God and give him glory.

In this section’s introductory quote, we could legitimately replace “science” with “markets” and make the same central point. The emergent order that results from the social cooperation of self-interested individuals should be seen as if imperceptibly led and directed by an architect. Secular economists such as Hayek might shy away from attributing the emergent market order to God, yet the sovereign God who numbers the hairs on our head surely worketh “all things after the counsel of His will” (Eph. 1:11). All of the benefits of competitive free markets mentioned earlier (social cooperation, increased output and variety of goods, scientific and technological advancement) should (in the normative sense) lead to increasing praise to God. Further, the increased wealth created by competitive free markets provides resources that, with wise stewardship, can lead to increased praise; wealth created by competitive markets can be used to support churches and missions work such that more people can hear the gospel and be reconciled to God.

## Conclusion

Like any institution, the market reflects the doings of its participants. And the doings of its participants reflect the fallen state of man made manifest in culture. If an institution is founded upon Christian principles and the Christian view of man ... it need not follow that people acting through such an institution will always behave in a Christian manner.<sup>69</sup>

—Michael Novak

But let it be said that in no case can this abuse of freedom be advanced as proof that art has no right to its independent existence. In our human life there is nothing, absolutely nothing, that eventually does not misuse for sinful purposes the freedom it acquires. Observe how time and again freedom of conscience is abused for blasphemy.<sup>70</sup>

—Abraham Kuyper

In *The Fatal Conceit*, Hayek argues that only the market order can fully use knowledge embedded in many individuals—socialism must, of necessity, aggregate individual knowledge such that the specific “knowledge of time and place” would be lost. When we apply a biblical understanding of humanity created *Imago Dei*, and individually part of the body of Christ, we see that each individual’s knowledge and actions are necessary for the effective functioning of the social unit—an idea consistent with Hayek’s view of the utilization of knowledge. Yet failure of some market participants to behave in socially beneficial ways still leaves critics condemning unhampered free markets.<sup>71</sup>

Both supporters and critics of free markets tend to anthropomorphize markets; they describe markets as moral, immoral, or amoral.<sup>72</sup> However, this seems to be a categorical error; morality can only be ascribed to human actions, decisions, and intentions.<sup>73</sup> The root problem is not the morality of institutions that are instruments of God’s common grace, but the moral choices that individuals make within an institutional setting. After all, greed did not come about because of modern capitalism—it is endemic to our fallen nature. As Kuyper argues regarding the potential evil of money,

it can be turned to the good, or to evil; and the choice between the two depends only on the disposition of the human heart. Those who bow down to Mammon use it for corruption; those who bow their knee before Christ as their King can use it to increase the luster of Christ’s kingship.<sup>74</sup>

Likewise, the God-ordained institution of government can be good or bad, but that is on the basis of individual leaders' actions and their conformity (or lack thereof) to God's standards. Nevertheless, it is reasonable to question whether institutions are consistent with God's purposes. As Pope Leo XIII argues in *Rerum Novarum*, if an institution is not consistent with God's will, we have a duty to change it.<sup>75</sup> This goes for any human institution—whether a civil government or an economic system, it should glorify God. In this article, we reviewed the theological doctrine of common grace, and found that competitive free markets are consistent with God's common grace. While competitive free markets may or may not be God's perfect will, they nevertheless serve as an expression of God's common grace. If God is giving us a gift of his grace, dare we reject it? Further, as both Novak and Kuyper's quotes above suggest, the fact that some individuals will make poor choices within an institutional setting is not necessarily a reason to reject the institution itself; otherwise, we would have to reject all institutions. If this is true, we would be well to heed Calvin's warning:

But if the Lord has been pleased to assist us by the work and ministry of the ungodly in physics, dialectic, mathematics, and other similar sciences, let us avail ourselves of it, lest, by neglecting the gifts of God spontaneously offered to us, we be justly punished for our sloth.<sup>76</sup>

## Notes

- \* All Bible quotations in this article are from the New American Standard Bible (NASB).
- 1. Carl Menger, *Investigations into the Methods of the Social Sciences with Special Reference to Economics* (New York: New York University Press, 1985), 146.
- 2. H. Henry Meeter, *The Basic Ideas of Calvinism*, 6th ed., rev. Paul A. Marshall (Grand Rapids: Baker, 1990), 51.
- 3. F. A. Hayek, *The Fatal Conceit: The Errors of Socialism* (Chicago: University of Chicago Press, 1988), 14.
- 4. Hayek, *The Fatal Conceit*, 79.
- 5. Hayek, *The Fatal Conceit*, 71.
- 6. F. A. Hayek, "Competition as a Discovery Procedure," *Quarterly Journal of Austrian Economics* 5, no. 3 (Fall 2002): 9–23.
- 7. Louis Berkhof, *Systematic Theology* (Grand Rapids: Eerdmans, 1996), 434.

8. See Berkhof, *Systematic Theology*, 434. Kuyper provides the first systematic exposition of the doctrine, and his three-volume work *De Gemeene Gratie* is currently under translation. The first volume was recently published as Abraham Kuyper, *Common Grace: God's Gifts for a Fallen World*, vol. 1: *The Historical Section*, ed. Jordan J. Ballor and Stephen J. Grabill, trans. Nelson D. Kloosterman and Ed M. van der Maas (Bellingham, WA: Lexham Press, 2016).
9. Herman Bavinck, "Calvin and Common Grace," *Princeton Theological Review* 7, no. 3 (1909): 463.
10. Peter S. Heslam, *Creating a Christian Worldview: Abraham Kuyper's Lectures on Calvinism* (Grand Rapids: Eerdmans, 1998), 178.
11. Berkhof, *Systematic Theology*, 435.
12. Tim Keller, "What Is Common Grace" (2003): 1, available at [www.timothykeller.com/s/What\\_Is\\_Common\\_Grace.pdf](http://www.timothykeller.com/s/What_Is_Common_Grace.pdf).
13. Cornelius Van Til, *Common Grace and the Gospel* (Phillipsburg, NJ: Presbyterian and Reformed, 1972), 12.
14. Van Til, *Common Grace and the Gospel*, 83.
15. Van Til, *Common Grace and the Gospel*, 165. It is beyond the scope of this article to enter into that debate; further, it is unnecessary. For our purposes, whether we call it common grace, providence, mercy, or favor, the basic idea is that there is some kind of positive treatment of all people beyond particular grace that is an essential part of his sovereign plan in this world. I argue in this article that competition plays a role in that divine plan, whatever you call it. I do, however, find the doctrine of common grace compelling. Nevertheless, other reformed scholars distinguish between common grace and providence, as in Charles Hodge, *Systematic Theology* (Grand Rapids: Eerdmans, 1982), 665–66.
16. Berkhof, *Systematic Theology*, 435, emphasis original.
17. F. A. Hayek, *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), 11–12.
18. Kuyper, *Common Grace*, 1.1.5, 9. See also Van Til, *Common Grace and the Gospel*, 16.
19. Berkhof, *Systematic Theology*, 438.
20. Clifford B. Anderson, "A Canopy of Grace: Common and Particular Grace in Abraham Kuyper's Theology of Science," *Princeton Seminary Bulletin* 24, no. 1 (2003): 126.
21. John Calvin, *Institutes of the Christian Religion*, trans. Henry Beveridge, 2 vols. (Edinburgh: Calvin Translation Society, 1845), 1:339.

22. See Kuyper, *Common Grace*, 1.20.5. See also Van Til, *Common Grace and the Gospel*, 202–5.
23. Hodge, *Systematic Theology*, 668.
24. C. S. Lewis includes this logic—that we know introspectively our conscience is somehow separate from us, giving us the Moral Law—as part of his moral argument for the existence of God. See C. S. Lewis, *Mere Christianity* (San Francisco: HarperCollins, 1952), 9–10.
25. Many Christians make a distinction between what God wills that is consistent with his commands (sometimes called perfect, decreed, or revealed will) and that which God allows according to his purposes and plan (sometimes called his permissive or secret will), which can include evil that God allows and causes through the choices made by humans with true moral agency. It is far from the scope of this article to venture deeply into this topic; it is enough to know that there are some aspects of what God causes to happen in his sovereign will that are not consistent with the commands of God. In this example, God revealed that Israel had rejected him as king; and yet God then uses kings for his purposes, both the wicked and the just. For a discussion of the distinction between these two wills, a helpful reference is Wayne Grudem, *Systematic Theology* (Grand Rapids: Zondervan, 1995), chapters 13 and 16.
26. Pope Leo XIII, encyclical letter *Rerum Novarum* (May 15, 1891), no. 15.
27. There are numerous examples we could cite, including perhaps Firestone’s tire issue with Ford Explorers (which almost bankrupted the firm in 2000), while a positive counter would be Johnson & Johnson’s handling of the Tylenol tampering in 1982. Honesty in the face of problems was rewarded, while avoiding or hiding problems is often punished in markets.
28. Berkhof, *Systematic Theology*, 438. Nevertheless, I argue in a current working paper that our sanctification process is enabled by a free-market process, such that believers become conformed to the image of God’s Son in their stewardship choices. See Jeffrey E. Haymond, “Stewardship in Free Markets and the Sanctification Process,” paper presented at the Southern Economic Association (2014), [http://works.bepress.com/jeffrey\\_haymond/16/](http://works.bepress.com/jeffrey_haymond/16/).
29. Calvin, *Institutes*, 2:162.
30. Grudem, *Systematic Theology*, 660.
31. Grudem, *Systematic Theology*, 660–61.
32. For a classic work demonstrating this, the reader should consult Marvin Olasky, *The Tragedy of American Compassion* (Wheaton: Crossway, 1992). For a more contemporary look, see Nick Schultz, *Home Economics: The Consequences of Changing*

*Family Structure* (Washington, DC: American Enterprise Institute, 2013), which offers compelling evidence on family life.

33. Niall Ferguson, *The Great Degeneration: How Institutions Decay and Economies Die* (New York: Penguin, 2013).
34. As an example, economist Brad Wilcox has a nice summary discussion, “The latest social science is wrong. Religion is good for families and kids,” *Washington Post*, December 15, 2015, available at <https://www.aei.org/publication/the-latest-social-science-is-wrong-religion-is-good-for-families-and-kids/>. A more academic report is W. Bradford Wilcox, Joseph Price, and Robert I. Lerman, *Strong Families, Prosperous States: Do Healthy Families Affect the Wealth of States?* (Washington, DC: American Enterprise Institute, 2015), available at <https://www.aei.org/wp-content/uploads/2015/10/IFS-HomeEconReport-2015-FinalWeb.pdf>. In this report, Wilcox, Price, and Lerman conclude that “higher levels of marriage, and especially higher levels of married-parent families, are strongly associated with more economic growth, more economic mobility, less child poverty, and higher median family income at the state level in the United States” (3).
35. Ryan Langrill and Virgil Henry Storr, “The Moral Meanings of Markets,” *Journal of Markets & Morality* 15, no. 2 (2012): 347–58.
36. Van Til, *Common Grace and the Gospel*, 167.
37. Jim Aley, “Steve Jobs, Who Built World’s Most Valuable Technology Company, Dies at 56,” *Bloomberg*, October 6, 2011, <http://www.bloomberg.com/news/2011-10-05/steve-jobs-who-built-most-valuable-technology-company-passes-away-at-56.html>.
38. Van Til, *Common Grace and the Gospel*, 167.
39. Grudem, *Systematic Theology*, 659.
40. Van Til, *Common Grace and the Gospel*, 167.
41. Abraham Kuyper, *Wisdom & Wonder: Common Grace in Science & Art*, trans. Nelson D. Kloosterman, ed. Jordan J. Ballor and Stephen J. Grabill (Grand Rapids: Christian’s Library Press, 2011), 43–44.
42. Kuyper, *Wisdom & Wonder*, 43.
43. F. A. Hayek, “The Use of Knowledge in Society,” in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), 78.
44. Bruce Baker highlights another important similarity between Hayek and Kuyper, noting that “Hayek’s sense of *spontaneity* can be seen to run in a direction parallel to Kuyper’s appreciation of *multiformity*. Hayek sees economic and societal ‘spontaneous order’ emerging from the chaotic energy of human life, while Kuyper notices the harmony that results from God’s sovereignty over the enormous muddle

- of life.” See Bruce Baker, “Entrepreneurship as a Sign of Common Grace,” *Journal of Markets & Morality* 18, no. 1 (Spring 2015): 88.
45. Brian D. Cawley and Peter J. Snyder, “People as Workers in the Image of God,” *Journal of Markets & Morality* 18, no. 1 (Spring 2015): 169.
  46. Keller, “What Is Common Grace?” 2.
  47. Heslam, *Creating a Christian Worldview*, 174.
  48. Quoted in Edwin Dolan, “Austrian Economics as Extraordinary Science,” in *The Foundations of Modern Austrian Economics*, ed. Edwin Dolan (Kansas City: Sheed & Ward, 1976), 4.
  49. Heslam, *Creating a Christian Worldview*, 174.
  50. Van Til, *Common Grace and the Gospel*, 17.
  51. Van Til, *Common Grace and the Gospel*, 174.
  52. Anderson, “A Canopy of Grace,” 131.
  53. Kuyper, *Wisdom & Wonder*, 150.
  54. Kuyper, *Wisdom & Wonder*, 164–66.
  55. It is of course true that to spur scientific innovation patents give shorter-term periods of monopoly profits to those who create an innovation, yet over the longer term these patents expire and become part of the common body of knowledge for everyone to use. Indeed, in many areas, entrepreneurs are eschewing monopoly profits in favor of continuing innovation (e.g., open-source software).
  56. Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, 3rd ed. (New York: Harper & Row, 1950), 83.
  57. A textbook case study outlining Walmart’s embrace of technology for supply chain management can be found in Jeanne L. Munger, “Wal-Mart: Pioneer in Supply Chain Management,” available at [http://highered.mcgraw-hill.com/sites/0077373820/student\\_view0/chapter13/case\\_studies.html](http://highered.mcgraw-hill.com/sites/0077373820/student_view0/chapter13/case_studies.html).
  58. Israel M. Kirzner, *Competition and Entrepreneurship* (Chicago: University of Chicago Press, 1973), 39.
  59. Kuyper, *Wisdom & Wonder*, 172.
  60. Calvin, *Institutes*, 1:319.
  61. Berkhof, *Systematic Theology*, 438.
  62. Berkhof, *Systematic Theology*, 438.
  63. Grudem, *Systematic Theology*, 658.

64. Milton Friedman, Interview with Phil Donahue, 1979, [http://www.youtube.com/watch?v=RWsx1X8PV\\_A](http://www.youtube.com/watch?v=RWsx1X8PV_A).
65. Maxim Pinkovskiy and Xavier Sala-i-Martin, "Parametric Estimations of the World Distribution of Income," NBER Working Paper #15433 (October 2009), <http://www.nber.org/papers/w15433.pdf>.
66. Anderson, "A Canopy of Grace," 138.
67. Grudem, *Systematic Theology*, 661.
68. Tim McConnel, "Common Grace or the Antithesis? Towards a Consistent Understanding of Kuyper's 'Sphere Sovereignty,'" *Pro Rege* 31, no. 1 (2002): 8.
69. Michael Novak, "Human Dignity, Personal Liberty: Themes from Abraham Kuyper and Leo XIII," *Journal of Markets & Morality* 5, no. 1 (Spring 2002): 60.
70. Kuyper, *Wisdom & Wonder*, 117.
71. Nevertheless, it should be clear that there are no examples of "unhampered free markets" that critics can point to, and most condemnations are leveled at what should more appropriately be called crony capitalism—the exact opposite of the competition lauded in this article as an institution of God's common grace.
72. For just one example, see Ian Harper, "Christian Morality and Market Capitalism: Friends or Foes?" in *Morality of Markets*, ed. Parth J. Shah (New Delhi: Academic Foundation, 2004), 348: "In fact, the market economy is, broadly speaking, amoral."
73. Peter Heslam argues that Abraham Kuyper sees common grace as the answer to the antithesis, such that man's fallen nature is offset by God's common grace, to a degree. In this way, it is natural for competitive free markets to be part of God's common grace even though individual market participants might be acting—consistent with the antithesis—in ways that are immoral. See Peter S. Heslam, "The Spirit of Enterprise," *Journal of Markets & Morality* 18, no. 1 (Spring 2015): 9.
74. Heslam, "The Spirit of Enterprise," 13.
75. Novak, "Human Dignity, Personal Liberty," 68.
76. Calvin, *Institutes*, 1:319.