

Social security is not welfare

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I have long thought that one of the quietest acts of political vandalism in modern Britain was the change of language that sought to turn social security into welfare. It happened slowly. It sounded harmless. It was anything but that.

There is a good reason for saying that, because once you persuade people that a system of mutual protection is a handout, you make it easy to cut. You make it easy to stigmatise. You make it easy to pretend that those who need help are the problem, and so deny that the reality is that the economy has failed them.

That linguistic shift has shaped decades of policy, and we are living with the consequences.

A system built because markets fail

Social security did not appear by accident. It was created because industrial capitalism exposed risks that individuals could not manage alone.

People get ill. They lose jobs. They age. They care for children or parents. They face disability. They experience economic shocks that have nothing to do with their effort or virtue.

No private insurance market can cover those risks universally at an affordable price. And no family can bear them alone in a complex economy.

So societies did something rational. They pooled risk.

When we are able, we contribute. When we need help, we receive support. Over a lifetime, most people do both. That is not charity. It is collective insurance.

And in macroeconomic terms, it is essential infrastructure because when income collapses in a recession, social security replaces part of that income. Spending continues. Businesses survive. Communities hold together.

Without it, downturns become depressions. The economic jigsaw falls apart because too many pieces vanish at once.

A system that recognises care

Markets measure what is paid. Societies depend on what is not.

Parents raising children, carers supporting elderly relatives, and volunteers sustaining communities: none of these appears in GDP, and yet without them, the economy could not function for a week.

Social security acknowledges that reality. It supports carers. It supports families. It supports those whose contribution is socially essential but not market-priced.

This is what I mean by the politics of care. That is an economy exists to sustain people, not to maximise transactions. To dismiss that as welfare is to deny the value of care itself.

A system we all use

The mythology of welfare depends on the idea that there are two groups: taxpayers who contribute and claimants.

There are not. Firstly, social security is paid by the state, and not with taxpayers' funds. Tax, as always, controls the resulting risk of inflation arising from a payment made by a government with the power to create its own currency. Secondly, most of us use a social security system at some time.

We contribute to balance the economic equation when we are working and healthy. We receive when we are ill, unemployed, caring for someone, or retired.

We benefit when our children go to school, when our parents receive pensions, and when our neighbours are supported through hard times instead of falling into destitution.

Social security smooths income across the life cycle. It redistributes risk from the unlucky to the lucky. It creates stability that markets cannot provide. That is not a moral failing. It is the basis of civilisation.

Why the word “welfare” was chosen

The word welfare was not adopted because it was accurate. It was adopted because it was useful to those who wanted to shrink the state and expand private wealth. It allowed politicians to say:

- * Support is a favour, and not a right.

- * Claimants are suspects prone to fraud, idleness and doubt.
- * Cuts are discipline, and not harm
- * Poverty is a chosen behaviour, and not the result of political policy intended to create economic failure.

That rhetoric has justified austerity. It has justified sanctions regimes. It has justified humiliating systems that cost more to administer than they save. And it distracted attention from the real transfers in our economy, whether from labour to capital, or from tenants to landlords, or from the state to tax avoiders.

The politics of language has, in this case, as it has too often, concealed the economics of power.

Social security as capital maintenance

On this blog, I have argued that we need to think in terms of maintaining all forms of capital, not just financial wealth. Capital includes:

- * Financial capital
- * Physical capital
- * Environmental capital
- * Human capital
- * Social capital

Social security maintains the last two.

It keeps people healthy enough to work, learn, and care. It keeps communities intact when shocks hit both individually and collectively. It prevents the destruction of skills, relationships, and hope.

Cutting social security is not about saving money. It is running down the national wealth in the most literal sense.

We would never boast about letting bridges collapse to save steel. Yet we boast about letting people fall into poverty to save pounds.

What follows from this

If we were honest about what social security is, policy would look different.

We would accept that support should be adequate, because underfunded insurance does not insure.

We would remove stigma and complexity, because humiliation is not efficient.

We would fund social security and then address any need to counter inflation by imposing progressive taxation, including tackling the avoidance and evasion that drain public capacity.

We would properly integrate social security with housing, health, and care policies, recognising that insecurity in one domain spreads to others.

And we would stop using a word designed to make people ashamed of needing help.

Conclusion

Language matters. Narrative matters. And economics, as I often say, is full of CRAp, or completely rubbish approximations to the truth when it pretends that markets alone can secure well-being.

Social security is one of the institutions that proves otherwise. It is a recognition that we are interdependent, that risk is shared, and that care is an economic necessity.

Call it welfare if you want to undermine it.

Call it social security if you want an economy that works for people.

This blog post is also being posted as a glossary entry. The main entry will be social security. Welfare will cross-reference to it.