

Britain is on the move, says George Osborne, from "rescue to recovery". But not if you're young: [this week's unemployment figures](#) showed joblessness among the 16-24s rising to 973,000. Not if you're the [north-east](#), the [north-west](#) or [Wales](#), where the out-of-work numbers have also risen. And if you've been on the dole for more than two years, heaven help you: despite the millions blown on the work programme and Osborne's alleged green shoots, the numbers of people suffering long-term unemployment jumped by 10,000 to 474,000, the highest figure in 16 years.

Some recovery, then. At the same time there are even more signs of the ongoing pinch affecting those people once thought to be safe, in the aspirational middle. In the Economist this week there is [a very incisive graph](#) plotting median real earnings and the retail price index. It shows the former keeping pace with the latter until 2005, when they began to split. From 2009, moreover, the earnings line began to drop, while prices carried on rising: the UK, we now know, has one of the [worst recent records on real wages of any country in Europe](#) (worse even than Spain, which is saying something).

"The plate tectonics of the labour market offer the best explanation for this," said the accompanying text. "With a declining industrial base, the British economy needs fewer mid-level skilled workers. Most new posts are low- or high-paying ones ... Many in the middle lack the skills to move up and are pushed towards the low-wage end of the economy. Machinists and tradesmen become cashiers and call-centre workers." They do, and when that happens, they are ushered into that fragile part of the labour force we now know as the [Precariat](#), where zero-hours contracts are becoming the norm, and a return visit to the jobcentre is never far away.

Meanwhile, the cost of living continues to soar, not least in the parts of the country held up to be the recovery's heartlands. In the last year, [food prices have risen four times as fast as average pay](#). There are now plans to make water meters compulsory for people served by nine of the UK's water companies, which could lead to some family bills doubling. This week also brought news of more increases to train fares, some of which could go up by as much as 9%.

And who will that hit? Among others, commuters who have often fled from London's impossible house prices – which, according to this week's headlines, have lately risen by 8.1%, the biggest jump in two-and-a-half years. Entirely unsurprisingly, the [share of Londoners renting on the private market](#) is up from 18% in 2011 to 25% today. And an increase in demand colliding with flatlining supply means only one thing: the average share of income devoted to rental costs is now a jaw-dropping 27%, up from 21% a decade ago.

This is what a completely dysfunctional version of capitalism looks like. The crudest, most stupid, completely self-destructive formula for maximising profits – cutting wages while pushing up prices – is extended over the entire economy. An ever-increasing dependence on the service sector drives out skilled jobs in the middle, and offers no hope to those places which are still a byword for the end of heavy industry and manufacturing. The nation's capital becomes the playground of the people at the very top, serviced by young people who can live cheaply(ish), and people from overseas who are just about able to cope, on the basis that they might eventually go home. Housing, surely any worker's most basic need, is in permanent crisis. And for a lot of people trying to keep pace with forces that are out of anyone's control, there is only one option: residence in [what the economist Ann Pettifor this week called Wongaland](#), where people borrow unsustainably while saving absolutely nothing (see right).

And so to an interesting question: what are the politics of all this? On my office shelves, there are two books whose titles – both of which include the word "great" – neatly encapsulate the most important developments of the last 30 years. One, titled [The Great Divestiture](#), is by Italian economist Massimo Florio. It chronicles the revolution that took industries and services once delivered by the state into the private sector, and thereby relieved politicians of accountability for their machinations, not least when the monopoly capitalists in charge started to endlessly push up prices. The other is [The Great Risk Shift](#), by US academic Jacob S Hacker, a very prescient look at how employers, with the complicity of governments, have spent the past few decades shoveling responsibilities on to the narrow shoulders of their workers.

From the perspective of the individual the consequences look

bleak. The government cannot much help people; and the companies and corporations that depend on their employees' labour offer increasingly little in return. As the followers of Thatcher and Reagan intended, everything has become individualised, to the point that even the pump-priming of a dormant economy is now a matter of debt-driven consumption, as the summer's unexpected surge in spending suggests. Political discourse has inevitably shrunk: we mostly hear politicians talking about "welfare" and immigration not just because of the political dividends they are said to produce, but because they represent some of the only things related to economic wellbeing that they think they can actually affect (and in the case of immigration, that's a fantasy anyway). Talk to the young people who are at the sharp end of the modern economy, and where we might be headed becomes clear: to a lot of them, the most basic features of the economy are like the weather: thoroughly depoliticised, and to be fatalistically accepted.

Yet perhaps something is stirring. This week's big thing has been the carpeting – and [egging](#) – of Ed Miliband. Certainly, Labour should be doing much better. But its people [have been talking for quite a while about a cost of living crisis](#). Their [proposed solutions still look flimsy](#), but that is perhaps down to the fact that when faced with a hegemonic economic model – one, moreover, in which they have long acquiesced – most Labour people understandably do not even know where to start. Not that long ago, it looked like their leader might: he was at least talking about the squeezed middle, responsible capitalism and Hacker's ideas about "pre-distribution". If it's not too late, they are themes worth reprising – though whether people might be perplexed by the spectacle of a politician taking issue with things they see as invincible forces of nature is a very interesting question.

As we move into the succession of zombie jamborees that is conference season, one other thought occurs. Humankind long ago invented things that could at least retilt the balance between capital and labour, and ease some of modern life's most inhuman aspects. We called them trade unions. Most Tories would rather they did not exist: now, even people in the Labour party want to push them even further to the margins. If they do, they will be adding to the problem,

when the increasingly poor, huddled masses they represent could really do with some solutions. To turn Osborne on his head, recovery alone is not the issue: rescue is what people need.