

Our universities are amongst the finest in the world. Some are already helping our regional economies by forming strong links with industry and creating high-tech clusters. They have already spun out hundreds of companies creating thousands of jobs. We will support this model of knowledge clusters, especially outside the South East.

Britain's economy is being held back by the culture of short-termism, which is a major obstacle to the development of productive businesses and industries. We will reform corporate governance to protect our leading firms from the pressure to put tomorrow's share price before long-term growth potential.

Institutional investors will have a duty to act in the best interests of ordinary savers. They will have to prioritise long-term growth over short-term profits for the companies in which they are investing. We will change takeover rules to enhance the role of long-term investors by restricting voting to those already holding shares when a bid is made. In addition, we will strengthen the public interest test.

We will improve the link between executive pay and performance by simplifying pay packages, and requiring investment and pension fund managers to disclose how they vote on top pay. And we will make sure employees have a voice when executive pay is set by requiring employee representation on remuneration committees.

In this way we can start to create an economy based on mutual obligations, encouraging employers and employees to build partnerships for improving both business performance and job quality. Outdated practices, like blacklisting, have no place in a modern economy.

Our charities, mutuals, co-operatives and social enterprises are pioneering new models of production that enhance social value, promote financial inclusion, and give individuals and communities power and control. We will continue to support and help develop the social economy by improving access for co-operative and mutual organisations to growth finance through the new British Investment Bank. And we will consider how to support employee buy-outs when businesses are being sold.