Yesterday I spoke about the future of the American economy at the NASDAQ. And in many ways, NASDAQ is a symbol of the new economy that's taking hold - the wealth created; the booms and bubbles; the technology that's helping to drive growth, and the interconnectedness that now spans the globe.

It's no secret that a fundamental transformation of our economy is taking place. In books and on balance sheets, at policy institutes and around kitchen tables, people are trying to make sense of where the swift and strong currents of globalization are taking us. What we do know is that Americans are living and working in a rapidly changing economic reality.

This isn't the first time this has happened. Time and again, the American economy has undergone upheaval - from slave to free; from agriculture to industry; from peace to war-time, and from war-time to peace. And time and again, the American economy has emerged stronger.

The one constant has been the advancement of individual opportunity. There are few principles more basic to our country, and there is none more basic to our economy. We believe that there is a place in the American economy for every American's dream. And we know that when we extend that dream of opportunity to more Americans, all of us gain.

Americans also know that opportunity doesn't come easy. You have to work for it.

Here I think of my father-in-law, Fraser Robinson. He raised his two children with his wife Marian in 1960s Chicago. They faced what other African-American families faced at the time - both hidden and overt forms of racism that limited their effort to get ahead. And they faced an additional obstacle. At age 30, Fraser was diagnosed with multiple sclerosis. And yet, every day of his life, even when he had to leave an hour earlier in the morning and rely on a walker to get him there, he went to work at the local water filtration plant while Marian stayed home with the children. And on that single salary, Fraser Robinson provided for his family, sending my wife Michelle and her brother Craig to Princeton.

This is an American story that plays out in millions of families each and every day. It is a story that is shared by the caregiver who is up before dawn and the teacher who never misses the bell; by the trader who works late and the janitor on the night shift. It is the story of a society that values work, and of people who work to create a better future for their families.

This story could not exist without a basic social compact in this country. That compact says that if you work hard, your work will be rewarded. That everybody has an opportunity to make a decent living, to raise a family, to give their children the best chance at success, and to look forward to a secure retirement. That people like Fraser and Marian Robinson can give their children the chance to dream bigger, and to reach new horizons.

That social compact is starting to crumble.
In our new economy, there is no shortage of new wealth. But wages are not keeping pace. Workers are more vulnerable to job loss and more worried about retirement. Those Americans fortunate enough to have health care are paying more for it - health care premiums have risen nearly 90% in the last six years. Americans are facing deeper personal debt. From filling up the gas tank to paying for a college education, everything seems to cost more.

This is not just happening by chance. It's not something we can just chalk up to temporary shocks. It's happening in part because of the choices we're making, and the way that we're making those choices. It's happening because we've gone too far from being a country where we're all in this together, to a country where everyone's on their own.

Today, I'm going to focus on one aspect of our economic policy where we need to make different choices. Because nowhere is this shift in our priorities more evident than in our tax policies.

Instead of working to find ways to relieve the burden on the middle class, we've developed creative ways to remove the burden from the well-off. Instead of having all of us pay our fair share, we've got over $1 trillion worth of loopholes in the corporate tax code.

This isn't the invisible hand of the market at work. It's the successful work of special interests. For decades, we've seen a successful strategy to ride anti-tax sentiment in this country toward tax cuts that favor wealth, not work. And for decades, we've seen the gaps in wealth in this country grow wider, while the costs to working people are greater.

We've got a shift in our tax values that disproportionately benefits the wealthiest Americans; corporate carve-outs that serve no national purpose; tax breaks that allow companies to stash their profits overseas; a government that's paralyzed when dealing with offshore tax haven countries; an overloaded tax code that's too complicated for ordinary folks to understand, but just complicated enough to work for someone who knows how to work the system.

When big business doesn't like something in the tax code, they can hire a lobbyist to get it changed, but most working people can't afford a high-priced lobbyist. Instead of honoring that core American value - opportunity for all - we've had a system in Washington where our laws and regulations have carved out opportunities for the few.

The numbers don't lie. At a time when income inequality is growing sharper, the Bush tax cuts gave the wealthiest 1 percent of Americans a tax cut that was twice as large as the middle class. At a time when Americans are working harder than ever, we are taxing income from work at nearly twice the level that we're taxing gains for investors.

Talk about this in polite company, and sooner or later you'll get accused of waging class warfare. As if it's distasteful to point out that some CEOs make more in ten minutes than a worker makes in ten months. Or, as my friend Warren Buffet put it to me - "If there's class warfare going on in America, then my class is winning."

What Warren Buffett knows is what all Americans have to remember - to get through these uncertain times, we have to recognize that we all have a stake in one another's success. When folks are hurting out there on Main Street, that's not good for Wall Street. When the changes in our economy are leaving too many people behind, the competitiveness of our country risks falling behind. When that dream of opportunity is denied to too many Americans, then ultimately that pain has a way of trickling up.

We welcome success stories here in America. We admire those who have climbed to the top of the ladder. We just need to be sure that the ladder doesn't get taken away from the rest of us. We want a system based on fairness - not special favors.

To steer a course through the change that's taking hold, we have to hold tight to that core principle: that our economy must advance opportunity for all Americans.

My own experience over two decades tells me that when you give people a chance at that opportunity, they will take it. That's what I found as a community organizer on the South Side of Chicago, where we set up job training programs and after school programs and counseling programs to bring hope to places that had been hurt by change. That's what I found as a state Senator in Illinois when we created the state Earned Income Tax Credit so we could put $100 million of tax cuts into the pockets of working families. That's what I've been focused on as a United States Senator, as I've worked to expand the child tax credit to include children in minimum wage families, and to close loopholes that shift the tax burden on to working people.
And that's what I'll do as President. Because when it comes to our economy, the American people are not the problem - they are the answer.

I'll restore simplicity to the tax code, and fairness for the American middle class. It's time to stand up to special interest carve outs. I'll end the preferential treatment that's built into our tax code by eliminating corporate loopholes and tax breaks. We shouldn't be distorting our tax code to benefit a few powerful interests - we should be insisting that everyone pays their fair share, and when I'm President, they will.

And it's time to shed some sunlight not only on companies that abuse the tax code, but also on the secretive offshore tax havens that shelter them. We'll create a list of countries where tax evaders hide their income and cost America untold billions of dollars every year. We'll lead the international community to new standards of information sharing. And we'll penalize companies and individuals who use those havens and illegally evade their tax obligations.

If we're going to keep that social compact for a new century, we need a tax code that's fair - a tax code that rewards work and advances opportunity. Every American who is ready to work for their American dream should be able to trust that they have a government that works for them. I'll keep that trust by cutting taxes for working people, homeowners, and seniors, and by simplifying tax filing for middle class Americans.

First, I'll give a tax cut to working people.

The American people work longer and harder than the people of any other wealthy nation in the world. But their hours are getting longer and their wages aren't getting any higher. Their costs are going up, but their economic security is going down.

When a single mom gets her paycheck, that check gets taxed. When she goes to buy groceries, that purchase gets taxed. When she reaches her retirement, her social security benefit gets taxed. Meanwhile, her boss's investments get taxed at a lower rate, and the corporation she works for has all kinds of loopholes built into the tax code because they've got lobbyists in Washington sticking up for their interests.

It's time for that to change. It's time for Americans to have a President in the Oval Office who makes decisions based on their interest, not the special interests.

Let's not forget that even in this era of economic change, our wealth as a nation remains founded on work. I'd reward work by providing an income tax cut of up to $500 per person - or $1,000 for each working family - to offset the payroll tax that they're already paying. At a time when confidence in the American economy is unsteady, this will give middle class Americans a break, and help them deal with the rising costs of energy, education, and saving for retirement. Under my plan, 150 million Americans - and their families - will get a tax cut. And because this credit would be greater than their income tax bill, my proposal would eliminate all income taxes for 10 million working Americans.

In so many working families, two parents are working full time, trying to bring up their children, and trying to keep up with so many costs that keep growing while their paychecks don't. This tax credit will strengthen working families by increasing the money in their pockets, and reducing the worry that hangs over so many Americans. And this tax credit will be a particular boost to single working moms, who put in the hours to provide the best opportunities possible for their kids, but struggle to stretch a paycheck that can't cover their growing needs.

The second thing I'll do to ease the burden on the middle class is provide a universal homeowners' tax credit.

If work is how most Americans seek their dream, a home is how many families realize it. A home is a source of stability, a building block for communities, and the most valuable thing that most middle class folks will own. But - as has been made painfully clear through the sub-prime crisis - that source of stability can quickly become the source of economic insecurity. Too many Americans are struggling under the weight of their mortgages. Homeowners need a break.

Today, we have a mortgage interest deduction, but it only goes to people who itemize on their taxes. Like so much in our tax code, this tilts the scales toward the well-off. Only a third of homeowners take advantage of this credit.

I'll create a mortgage interest credit so that both itemizers and non-itemizers get a break. This will immediately benefit 10 million homeowners in America. The vast majority of these are folks who make under $50,000 per year, who will get a break of 10 percent of their mortgage interest rate. For most middle class families, this will add up to about $500 each year. This
credit will also extend a hand to many of the millions of Americans who are stuck in
the subprime crisis by giving them some breathing room to refinance or sell their homes.

The third thing I'll do is provide a progressive tax cut for America's seniors.

Since the New Deal, we've had a basic understanding in America. If you work hard and pay
into the system, you've earned the right to a secure retirement. But even though they've held
up their end of the bargain, many seniors are struggling to keep pace with costs. And as so
many Americans know, their worry becomes an entire family's worry.

This strain has been greater since 1993, when taxes on social security benefits were raised.
Millions of seniors saw their net benefits go down. They also had to take on the added strain
- and sometimes cost - of filing a complicated tax return.

It's time to give America's seniors a break. So I'll give retired folks the same kind of relief I'll
offer to working people. When I'm President, we'll work to see that no retiree making less
than $50,000 each year has to pay income tax. This will eliminate income taxes for about 7
million Americans, at a savings rate of roughly $1,400 each year. And 22 million seniors won't
even have to file a return and hire an expensive tax preparer.

The final part of my plan will be simplifying the process of filing a tax return for all Americans.

The tax code has become far too complex. Deductions and exemptions are built into the
system, but ordinary people don't have the time to figure them out without going to an expert
preparer - yet another cost at tax time.

In 2004, the IRS estimated that it took 28 hours for an individual to complete her tax filing.
According to the IRS National Taxpayer Advocate, "the most serious problem facing
taxpayers today is the complexity of the Internal Revenue Code." This past year, USA Today
had five different professionals add up the tax bill for one working family - and they all got
different answers.

It's time to cut through the complexity. When I'm President, we'll put in place a system where
40 million Americans with a job and a bank account who take the standard deduction can do
their taxes in less than five minutes. The government already collects wage and bank account
information, so there's no reason the IRS can't send Americans prefilled tax forms to verify.
This means no more worry. No more wasted time. No more extra expenses for a tax
preparer.

Making this change would save Americans more than $2 billion in tax preparer fees, more
than 200 million hours of work, and an incalculable amount of headache and heartburn.

All of these proposals are about making America's tax code simpler, and making it work
better for working Americans.

As we simplify the tax code so that it works for the middle class, we'll have to address shifting
costs. Americans are tired of an attitude toward taxing and spending in Washington that is
leaving a legacy of debt to our children and grandchildren.

To ensure that we are fiscally responsible, we'll gain revenue by shutting down corporate
loopholes and tax havens. We'll also turn the page on an approach that gives repeated tax
cuts to the wealthiest 1 percent of Americans even though they don't need them and didn't
ask for them. We've lost the balance between work and wealth. I will close the carried interest
loophole, and adjust the top dividends and capital gains rate to something closer to - but no

As we make these changes, we'll be sure to encourage growth and innovation. So we'll
exempt start-up companies and small businesses from capital gains to give them an added
boost. Because when more Americans tap that well of opportunity, all of us are better off.

You know, the truth is, most Americans aren't asking for a lot. They don't need overseas tax
shelters or a long list of loopholes. They just want a fair shake. And they could stand a break.
Because most Americans have simple dreams. A job. A place to raise their family. A secure
retirement. A chance to create opportunities for their kids that might extend a little further than
their own.

After all, the wealth of our nation is rooted in the work of our people. In his first State of the
Union message to Congress, Abraham Lincoln laid out a core principle: "Capital is only the
fruit of labor, and could never have existed if labor had not first existed. Labor is the superior
capital, and deserves much the higher consideration."
It's a simple proposition. That the wealth we earn comes from the work that we do. It's a proposition that is lived, day in and day out, in the homes of millions of working Americans. The steady pursuit of simple dreams.

The American economy is the tally of all of those dreams. Now - at a time of rising costs and rising uncertainty - it's time for policies from Washington that put a little wind at the backs of the American people. Now is the time for us to come together as a nation behind a new compact for the 21st century - one that gives the American people a lift, so they can lift up this country anew.