

Congressman Spencer Bachus addressed spending and debt issues in the following interview available for viewing on the CNBC.com website. Bachus is the incoming Chairman of the House Financial Services Committee.

Bachus: The American People Have Told Us to Cut Spending and Debt

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It was a big week on Capitol Hill. First the Bush Tax Cuts were extended and the swine flu infected omnibus was pulled off the table in the Senate.

So now that Congress is wrapping up its session, what three-ring circus will Americans be watching next year?

Let's see, tax reform, fiscal reform and don't forget health care. Three huge issues that will surely be making headlines in 2011. I decided to catch up with incoming House Financial Services Chairman Spencer Bachus.

LL: Would you call this tax cut passage a victory for the GOP or the American people?

SB: A record tax increase would have been no one's idea of a Christmas present. It's well-known that the worst thing you can do during a weak economy is raise taxes.

The economy has been weighed down for months by the uncertainty caused by a looming tax increase, the health care takeover, the job-killing provisions of Dodd-Frank, and the potential cost of cap and tax.

Hopefully, this will help lift one of the anchors. The American people said very clearly in November that the problem isn't that the federal government taxes too little, it's that the government spends too much and both sides of that equation must be addressed.

LL: The President has talked about tax reform. What would you like to see happen?

SB: We have just succeeded in preventing a massive tax increase that would have affected every family and small business, reinstated the marriage penalty and death tax, cut the child tax credit in half, and heavily penalized savings and dividends. But what the economy needs to prosper over the long term is certainty and a tax code with marginal rates that encourage growth and entrepreneurship.

The tax rates in the U.S. are increasingly becoming uncompetitive with the rest of the world and that puts our economy at a severe disadvantage. We certainly need tax reform, but it must be real reform and not a smokescreen to pay for additional spending.

LL: There is an interesting movement going on the hill now with born-again "fiscal conservatives" but at the same time the Senate tried to ram through an omnibus containing over 6,000 earmarks. Sen. Corker called it the biggest shocker of this Lame Duck Session.

Are you confident Congress can change its free spending ways?

SB: Unfortunately, I was not surprised that Senate Majority Leader Harry Reid and Speaker Pelosi wanted to make a last-gasp effort to pass a pork-barrel omnibus bill during the final days of the lame duck Congress. This was a 1,924 page monstrosity that would have spent \$1.1 trillion and further added to our dangerous levels of debt. But this time, you saw resistance to the “spending as usual” approach.

The new Republican majority in the House is committed to the principles of our Pledge to America, which states definitively that the unprecedented spending binge and perpetual bailouts will end.

LL: Are you hopeful the President will meet with the new House leadership next year?

SB: The American people have told us to cut spending, reduce the debt, and respect our Constitution and that is what everyone in Washington should work to accomplish next year. That is what Republicans will be fighting to do.

Lori Ann LaRocco is Senior Talent Producer at CNBC and author of "Thriving in the New Economy: Lessons from Today's Top Business Minds."