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When It Comes to Money in Elections, It Doesn't Matter Which Paris You Live In

Jacqueline J. Arias
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WHEN IT COMES TO MONEY IN ELECTIONS, IT DOESN'T

MATTER WHICH PARIS YOU LIVE IN

A Thesis

by

JACQUELINE J. ARIAS

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WHEN IT COMES TO MONEY IN ELECTIONS, IT DOESN'T

MATTER WHICH PARIS YOU LIVE IN

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JACQUELINE ARIAS

COMMITTEE MEMBERS

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Committee Member

Dr. Natasha Altema-McNeely
Committee Member

Dr. Clyde Barrow
Committee Member

December 2020

ABSTRACT

Arias, Jacqueline J., <u>When It Comes to Money in Elections, It Doesn't Matter Which Paris You Live In.</u> Master of Arts (MA), December 2020, 54 pp., 9 tables, 15 figures, references, 40 titles.

In this thesis, I argue how money influences election outcomes in the Texas Legislature from 2010 to 2018. I explore the political history of Texas, where scholars have long alluded to the role of wealthy elites in the political process. Using an investment theory approach, where money is considered a powerful determinant in elections over other factors, this thesis will analyze total disbursements and vote totals of Texas senate and house candidates in a linear model. Along with this bivariate correlation, this thesis will conduct a multilevel analysis that includes partisanship and regions in Texas. This thesis found a strong relationship between money and election results in the Texas Legislature, adding to campaign finance scholarship that found similar results in the United States and France. Overall, these findings confirm the strong role of money in politics and how Democrats are showing signs of being competitive in the Lone Star State.

DEDICATION

This thesis is dedicated to my partner, Cody Bryant, and my family, Karina, Jose, and Julissa

Arias. Their unwavering faith, love, and support kept me going.

ACKNOWLEDGEMENTS

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CHAPTER I

MONEY IN TEXAS POLITICS

Two weeks before the first Democratic primary runoff in Texas Senate District 27 in

almost 30 years, voters were greeted daily with negative mailers alleging state senator Eddie

Lucio Jr.'s progressive challenger, attorney Sara Stapleton-Barrera, supported nine-month

abortions and helped cocaine drug dealers as a public defender. Voters could not remember the

last time Sen. Lucio was that active in South Texas as his network bombarded the district with an

influx of attack mailers, ads, billboards, and conservative push polls from a generous variety of

Republican political action committees, dark money groups, and his own campaign raising

millions from corporate donors. Constituents were quick to make this observation, as one voter

commented on a digital ad from Pro-Life America on Facebook, "He must be worried, I have

never received so many fliers in the mail for a candidate!"[1]

However, the most impoverished region in the state of Texas overwhelmingly voted for

Vermont Senator Bernie Sanders in the 2020 Democratic presidential primaries[2] and threatened

down ballot incumbents as a wave of progressive challengers took South Texas by storm. After

coming up shy of the majority of votes in the primary election, the longtime incumbent shifted

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[1] This voters' comment appears on the comment section of Pro-Life America General Purpose Committee's digital video ad on Facebook called, "SHE'S OUT OF TOUCH," published on July 1, 2020. https://www.facebook.com/113057553790255/posts/120648699697807/?vh=e&extid=8SHK1eWS4LiLDt5a
[2] In the 2020 Democratic presidential primary on March 3rd, Bernie Sanders won in Hidalgo, Cameron, Starr, Willacy, Jim Hogg, Brooks, Webb and Duval County (with the exception of Zapata and Kenedy County) in deep South Texas. https://www.nbcnews.com/politics/2020-primary-elections/texas-results

gears and began outspending his progressive opponent 10-to-1 in the runoff.[3] Challenging

dynastic incumbents like Sen. Lucio triggered the political machine in South Texas, as local

donors and elected officials beelined to make endorsements and host fundraising dinners. But

most importantly, this runoff provoked the unspoken coalition of national conservative donors

and the Texas Democratic Party that spent millions against a progressive attorney backed by

labor unions and environmental and women's reproductive organizations to protect the

incumbency of the proudly self-proclaimed conservative Democrat.

Although Stapleton-Barrera gave Sen. Lucio the challenge of his career and the most

competitive primary in the Texas Senate, she came up short of a victory with 46.4 percent of the

vote. This microcosm provides a glimpse of the central theme of how Texas politics has been

operating for over a century. Where scholars have long understood how wealthy elites control

Texas politics, but have not been able to systematically show their influence on election

outcomes, leaving room for debate among political scientists whether money has any influence

in elections at all. Afterall, the rich political history of Texas that political science scholarship

has been analyzing for decades inadvertently hints that money drives election outcomes, but

most importantly, how money has no political affiliation in a one-party state.

Scholars have long alluded to the nefarious role of wealthy elites in the Texas electoral

and political decision-making process, but the influence of big money has not been

systematically analyzed in the Lone Star State. Some of the earliest works on Texas politics

began to untangle how the state had a unique economic and political development compared to

other southern states, which provided a first look of the key players that influenced the political

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[3] The 10-to-1 fundraising figure comes from the official statement from the Sara Stapleton-Barrera campaign published on July 15, 2020.. https://twitter.com/saraforTXsenate/status/1283265246954762245?s=20

process. The seminal book published in 1949 by V. O. Key, *Southern Politics in the State and Nation*, explored the eleven southern states that challenged conventional assumptions of the South. Key found that Texas did not "conform" to the usual "patterns" of the South and began to develop a much clearer view of the social, political, and economic dynamics that shaped the Texas electoral process, (Key, 1949, p. 254). And yet, seven decades later, Key's introduction of Texas still holds true today:

> "The Lone Star State is concerned about money and how to make it, about oil and sulfur and gas, about cattle and dust storms and irrigation, about cotton and banking and Mexicans. And Texans are coming to be concerned broadly about what government ought and ought not to do. In our times the grand issues of politics almost invariably turn on the economic policies of government," (Key, 1949, p. 254).

The West Texas native argued his home state went through a significant economic shift from the 1860s to the 1940s that transformed the state from an agricultural economy into an industrial economy that resembled a more "western than southern" development, (Key, 1949, p. 254). Although Key's findings confirmed that racial conflict is fundamental in southern politics, he developed a theory that combined race and class conflict in Texas, and how economic issues shaped the politics of the state since it was more industrialized than agricultural. Key attributes Texas' "extremely fluid social structure" to the increased industrialization, population growth through immigration, large-scale urbanization, and industry boom generating newfound wealth that developed a more class oriented political discourse other than racial conflict, (Key, 1949, p. 259).

Key studied the important figures that came to dominate Texas politics, including the newfound wealth from the "gold rush atmosphere" of the booming oil, gas, and sulfur industries that generated a "new-rich class" who feared losing their fortunes, (Key, 1949, p. 255). The one-

party state began to develop the sharpest divisions of intra-Democratic conflicts of the whole South, stemming from the newly rich who felt threatened by President Franklin D. Roosevelt's New Deal reforms, (Key, 1949, p. 259). "Many of these men have been more sensitive than a Pennsylvania manufacturer to the policies of the Roosevelt and Truman Administrations."[4] However, even though the intra-Democratic conflict can be attributed to the split in economic philosophy of the New Deal reforms and anti-business sentiment that had been developing since the end of the Civil War in Texas, V. O. Key notes wealthy elites were able to unite Texans on conservative economic policy by emphasizing racial conflict throughout its history, but not at the same degree as other southern states that heavily relied on their "black-belt economy," (Key, 1949, p. 260). Southern elites were able to divert class conflict by swaying people against their own class interests that distorted economic issues by making "irrelevant appeals, sectional loyalties, local patriotism, personal candidacies, and, above all, by the specter of the black man."[5] Because there was a lower Black population in Texas and rapid population growth from immigration compared to the other eleven southern states, Key argued it could potentially lead to a more class-based politics.

In the early 1940s, the political discourse soon turned to "liberal" and "conservative" Democrats and their acute divisions on economic issues that primarily focused on the role of the government – like business regulation and taxes, public utilities, and industrialization, (Key, 1949, p. 261). During this period, class conflict among the business class and poor white farmers and workers took shape, as Key observed voters were generally divided by class interests due to industrialization and the decline of the black-belt economy. Because Texas was becoming more industrialized and diverse from the oil and gas boom, Key determined Texas was heading in a

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[4] V. O. Key, *Southern Politics in State and Nation*, p. 255.
[5] Ibid.

more liberal than conservative direction if class-based politics continued to be at the forefront. Key was not dismissive of the racial, social, and political factors that were embedded into southern politics, but believed Texas could build a diverse and multiracial class-based coalition if the rich were unsuccessful in using their "formidable resources" to suppress working-class power (Davidson, 1990, pp. 14). Even without explicitly proclaiming money from elites influenced Texas politics, Key unintentionally laid out the political structure of how it was dominated by those with wealth.

Although V. O. Key was close to diagnosing the problem, Chandler Davidson's book, *Race and Class in Texas Politics*, analyzed Key's findings to test whether his theory on race and class conflict in Texas held true four decades later, while also inching closer to identifying the influence of money in the political process. Davidson first began by exploring "the myth of overwhelming conservatism"[6] in Texas as Key believed the majority of working-class Texans supported more liberal economic policies compared to business elites, but by the 1980s it was clear that was not the direction Texas was heading towards. By looking at the historical political struggles of Texas since its formation, Davidson traced race and class conflict since the onset of the Civil War, when racial conflict, severe economic depressions, and a major shift in the economy led to more agrarian and populist revolts throughout the state until the turn of the century (Davidson, 1990, p. 19-20). This important historical outline of class struggles begins to illustrate the story of Texas, where racial conflict and wealth intertwine and created a dominant elite class that pushed the Lone Star State to a conservative direction in the 20th century, far from V. O. Key's optimistic predictions.

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[6] (Davidson, 1990, p. 17).

The events that followed the Civil War generated one of the most widespread Populist revolts in Texas among farmers and labor towards business elites, as class-consciousness permeated from decades of economic instability, (Davidson, 1990, p. 19; Green, 2014). Davidson's in-depth layout of this violent history demonstrated how wealth holders were pushing different forms of voter disenfranchisement laws since the Reconstruction era in order to prevent poor Whites and Blacks from participating in the political process. Since 1875, prominent conservative Democrats in the Texas Legislature aggressively pushed for poll taxes, literacy tests, white-only primaries, and made it difficult for third parties to be competitive, but were unsuccessful until 1902 when these amendments passed, (Davidson, 1949, p. 21). Before successfully implementing these voter suppression laws, Bourbon Democrats used "murder, fraud, and terror" to intimidate voters and to prevent the Texas Populist Party from gaining electoral victories in the late 1800s, (Davidson, 1949, p. 20). Many of the state legislators that were pushing for these disfranchisement measures, known as the Terrell Election Laws, were conservative businessmen like Alexander Watkins Terrell, a former Confederate officer and slaveholder, who the laws were named after, (Davidson, 1949, p. 21). During Reconstruction, conservative business elites used racial struggles and voter suppression to control the narrative and distort class-based issues in a time of massive wealth accumulation and economic boom for wealth holders, weakening the agrarian populist uprising that demanded significant labor and economic reform throughout the state.

Davidson argues voter disenfranchisement laws suppressed the vote of Black, Hispanic, and poor White Texans, who mostly favored the populist movement and more liberal economic reforms, as one of the main factors Texas shifted in a conservative direction instead. However, the other important factor, which Davidson explored in the later chapters of his book, remains

the underlying theme throughout this historical analysis—the role of the conservative business class in elections. In order to solve the "puzzle" of conservatives continuing to win in statewide races even as the working class favored more liberal economic policies, Davidson sought to address the influence of conservative business money flooding Texas elections as another explanation for this phenomenon, (Davidson, 1980, p. 133).

Davidson is one of the first scholars to begin to address the role of the business class in elections by addressing the most obvious questions of money—what does money buy in campaigns and does it give the candidate an unfair advantage over their opponent in an election, (Davidson, 1990, p. 133). In order to find this relationship between money and votes, Davidson et al. (1977) conducted a study of statewide election contests in the early 1970s and found a high linear correlation of a candidates' total expenditures and share of votes at 76 percent, (Davidson, 1990, p. 134). These findings show money has an independent influence on election outcomes, similar to the only other study done at the time on the Texas Railroad Commission races in the Democratic primary in the 1960s and 1970s that showed the winners overwhelmingly received money from the oil and gas industry and held pro-industry positions.[7] Davidson understood the importance of money and election outcomes, but sought to inquire how the business class used their monetary resources as an advantage to influence campaigns and elections to make Texas a conservative stronghold.

Candidates need serious money, especially in a big state like Texas, to fund expensive campaigns. These campaign donations are primarily used for campaign expenses for travel and events, media expenditures (which can be the majority of the budget), and get-out-the-vote operations, (Davidson, 1990, p. 135-135). Davidson analyzed Texas donors in order to

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[7] David F. Prindle, *Petroleum Politics and the Texas Railroad Commission* (Austin: University of Texas Press, (1981), 168-79.

understand who the business class primarily funded and found that after WWII they overwhelmingly supported conservative Republican candidates and conservative Democrats in races that Republicans had slim chances to win, (Davidson, 1990, p. 140). Furthermore, affluent business donors primarily donated to conservatives in order to prevent liberal candidates from winning statewide races. Many of these donors and their families were oil tycoons, bankers, agricultural, construction, and real estate moguls, who overwhelmingly supported ideologically conservative candidates, (Davidson, 1990, p. 139). However, Davidson did find some important outliers like the campaign of liberal U.S. Senator Ralph Yarborough, who had gained statewide notoriety from unsuccessful gubernatorial races but won a special election in 1957 with a plurality. Yarborough was able to win reelection in 1964 despite voting to pass all civil rights legislation and other progressive environmental and health measures that certainly went against the "conservative" nature of Texas. This may seem like an anomaly, but Davidson finds Yarborough had one major donor that helped fund his campaigns, a small-town banker Walter Hall who favored labor rights, that made Yarborough competitive against well-funded conservative candidates, (Davidson, 1990, p. 143).

Just like the populist liberal movement began to split the Democratic Party during the New Deal era that gave rise to Lyndon B. Johnson and Ralph Yarborough, a conservative countermovement by the business class was brewing ever since. The tides quickly turned when LBJ joined the John F. Kennedy ticket and left a vacated senate seat in 1961, where John Tower became the first Republican since Reconstruction to win a statewide seat, (Davidson, 1990, p. 198). Less than a decade later, Yarborough lost his senate seat to conservative icon Lloyd Bentsen Jr. in 1970, son to Texas businessman Lloyd Bentsen Sr. Davidson argues the conservative movement he calls "Texas Republicanism" was largely reactionary to the events

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unfolding in the 1950s and 1960s, when LBJ's Great Society, the civil rights movement, and McCarthyism impacted support for Democrats statewide. This created the perfect recipe for the "Radical Right," a minority group of business elites in the Republican Party, to interject with opposition to racial desegregation, big government, labor rights, and communism to shape Texas politics in a conservative direction in the coming decades, (Davidson, 1990, p. 200-206).

Since the New Deal era, Texas business elites organized and funded radical right-wing and religious fundamentalist organizations that eventually shaped the dominant Texas Republican Party in the 1980s. The three most influential figures of the Radical Right that transformed Texas politics were oil billionaire H. L. Hunt, conversative activist J. Evetts Haley, and Reverend W. A. Criswell, (Davidson, 1990, p. 207). Of course, they were not the only ones influencing the conservative realignment of Texas, but they helped build media empires, tax-exempt organizations, and fundamentalist religious following by spreading anti-government, anti-segregationist, and anti-communism propaganda. These business elites supported conservative politicians like Barry Goldwater's failed presidential campaign, John Tower's very successful U.S. Senate tenure (longest serving conservative senator in Texas), and Ronald Reagan's presidential bid. The "Goldwater Movement" began to show the difference between the radical right and the "respectable right" that influenced the modern state Republican Party, (Davidson, 1990, p. 226). "Key might have thought, the race issue should have been evaporating, it was suddenly endowed with new life by a Republican party bent on capitalizing on the white backlash."[8] The story of Texas was far from Key's predictions and became the story of how business elites used racial conflict to push a conservative economic agenda that has realigned Texas until this day.

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[8] (Davidson, 1990, p. 230).

CHAPTER II

THE STUDY OF MONEY IN ELECTIONS

Despite the careful analysis of the influence of business elites in Texas politics by V. O. Key and Davidson, most studies of elections consider meeting constituents at a local Dairy Queen restaurant or a high school football game as an effective form of retail politics,[9] which serves as a campaign strategy for the politician to directly interact with voters and influence voters' knowledge and attitudes at the local level.[10] However, this implication that personal and direct contact with voters better contributes to election outcomes at the local level fails to acknowledge strong evidence that has emerged in political science scholarship in the last decade. This debate of what impacts election results have led to a scholarly consensus that contends retail politics, partisanship, quality challengers, personality traits, or a legion of other factors have more of an effect than campaign spending due to the limitations of linear regression. Nevertheless, new research embarked on this statistical challenge by using a new statistical tool to solve this problem and to find the true effects of money in election outcomes at the national level. This breakthrough in campaign finance literature is accompanied with previous studies and new research that have found a strong correlation of money and vote shares locally and internationally, directly challenging the scholarly consensus and making the case for money as the most powerful influence in elections.

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[9] (Wilson, 2018).
[10] (Vavreck et al., 2002).

The best summary of the scholarly consensus comes from Jeffrey Milyo's published

paper, "Campaign Spending and Electoral Competition: Towards More Policy Relevant

Research," in 2013. Milyo, an economics professor at the University of Missouri and a senior

fellow at the Cato Institute, a Koch funded think-tank, argues empirical researchers have not

solved the methodological challenges of linear regression, or more specifically, the "reverse

causality" and "endogeneity bias" of candidate campaign spending in Congressional elections

that inevitably occurs in a linear model.[11] Milyo asserts that simultaneity bias makes it difficult

to determine if candidate spending influences vote shares or if it is the other way around, being

unable to determine the direction of causality. The other endogeneity issue that Milyo

emphasizes is the omitted variable bias, which he describes as the other important unobservable

variables not captured in candidate spending and vote shares, like candidate quality (personality

traits), that affect the results. Therefore, Milyo concludes that these methodological problems

lead him to determine that money has a limited or non-existent impact in elections:

> There is something of a scholarly consensus at least for campaign
> spending in congressional races. However, this consensus stands in
> stark contrast to the popular wisdom echoed by pundits, politicians,
> and reform advocates that elections are essentially for sale to the
> highest bidder (spender). Decades of social science research
> consistently reveal a far more limited role for campaign spending.
> Early studies tended to find that spending by challengers was far
> more effective than incumbent spending. More recent work argues
> that in principle campaign spending is equally productive across
> candidates, but that there are strongly diminishing marginal returns
> to campaign spending. Since most challengers spend less than
> incumbents, their spending is marginally more effective, even
> though the underlying "production function" that transforms money
> into votes is not different for challengers. Further, the best efforts at
> identifying the treatment effect of money in congressional races
> yield fairly similar substantive results: candidate spending has very
> modest to negligible causal effects on candidate vote shares.[12]

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[11] (Milyo, 2013).
[12] (Milyo, 2013).

Scholars directly tackled these endogeneity issues in a 2016 study, "How Money Drives US Congressional Elections," by applying a new statistical tool used for the first time in the field of money and politics.[13] This study presented the strong relationship between money and vote shares previously examined in the literature; however, the researchers used a completer and more expanded database to show that same correlation. But in order to make this a stronger case, Ferguson et al. employed a latent instrumental variable (LIV) model first developed by Peter Ebbes[14] called a spatial Bayesian latent instrumental variable (SBLIV) model to find the true effect of money in elections while accounting for endogeneity.

The first part of the Ferguson et al. study examined the effect of total expenditures on election results and found a strong linear relationship between Democratic candidates' shares of total two-party spending and the percentage of major party votes won in the U.S. House and Senate elections from 1980 to 2014.[15] The second part of this study implemented the spatial Bayesian latent instrumental model that identifies the spatial autocorrelation in the data and tests for endogeneity in the regression analysis, which was previously analyzed by another researcher.[16] Ferguson et al. still found a strong relationship of money and election outcomes using this new statistical model, therefore strengthening their results of this correlation while arguing that this method should prove the importance of money in elections:

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[13] (Ferguson et al., 2016).
[14] (Ebbes, 2004); (Ebbes et al., 2005).
[15] (Ferguson et al., 2016), p. 15.
[16] (Hueter, 2016).

> Our conclusion, which we are the first to acknowledge needs more scrutiny, is that seeing should, after all, be believing: the case in favor of the proposition that money drives US elections is significantly strengthened. The endless arguments about cause and effect in money and politics, perhaps, are entering a new stage, with, we hope, the optics changed forever. We do not doubt that reverse causality happens, but the money flow should be regarded as a powerful factor in its own right in election outcomes.[17]

This study verified that there is a reliable model that can be replicated for future research to investigate the prevalence of the correlation of money across different elections. Ferguson et al. found strong evidence of money's influence in federal elections, but can this linear relationship be found at the international or local level?

A new study attempted to do just that: finding the relationship of money and votes in French elections. In the article, "The Price of a Vote: Evidence from France," by Yasmine Bekkouche and Julia Cagé, they analyzed campaign spending and vote shares using a comprehensive dataset in all French municipal and legislative elections from 1993 to 2014.[18] In both municipal and legislative elections, Bekkouche and Cagé found a strong correlation of money and votes, arguing, "money still plays an important role in French politics."[19] Like the Ferguson et al. (2016) study, Bekkouche and Cagé found a powerful connection between money and election outcomes internationally, reinforcing the idea that money dominates politics and significantly contributes to the "money matters" side of the debate. If there is now strong evidence of money playing a significant role in U.S. federal elections and at the international level, what is at stake to look at local politics?

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[17] (Ferguson et al., 2016), p. 22.
[18] (Bekkouche and Cagé, 2018).
[19] (Bekkouche and Cagé, 2018), p. 31.

As mentioned previously, some may contend that retail politics can determine election outcomes at the local level, however, evidence points in the direction of money as a powerful factor for vote shares across different elections. The only study that has attempted to measure the relationship between money and election outcomes at the local level was the paper, "The Influence of Money on Elections: The Texas Case," by Davidson et al. (1977) published in Davidson's book, "Race and Class in Texas Politics" in 1990. Davidson's book primarily focused on the conservative wave that took over Texas, and how conservatives managed to dominate statewide elections through money from the Texas business class and voter suppression.

However, in chapter seven, "Money and Politics," Davidson et al. explore the relationship between campaign spending and votes in statewide election contests, excluding judgeships, with at least two major-party candidates in 1972 and 1974.[20] This study found a high linear correlation between the percentage of candidates' total expenditures and vote shares, arguing money has a significant independent influence in Texas elections.[21] Davidson's central question in this chapter was what does campaign money buy, and not only did he and his colleagues find a strong linear relationship in Texas money and election outcomes, but emphasized how money can buy access and influence in policy for the Texas business class. Is this still true today in Texas?

The "investment" approach that serves as the theoretical framework for this thesis stems from Thomas Ferguson's book, "Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems."[22] Ferguson argues that money, via campaign

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[20] (Davidson, 1990), p. 134.
[21] (Davidson, 1990), p. 134.
[22] (Ferguson, 1995).

contributions and outside spending, rather than voters, influence and dominate elections, policy, and political discourse. Ferguson explains that political parties are controlled by "blocs of major investors" who elect politicians to advance the interests of business elites.[23] These large investors dominate funding of political parties and candidates, making voters' influence insignificant in the political process. Ferguson distinguishes these elite investors into two categories: labor-intensive and capital-intensive firms. Labor-intensive investors rely on the suppression of labor to decrease labor costs, while capital-intensive investors are like banks and oil industries that do not necessarily rely on cheap labor. This distinction is important to understand the ideologies and partisan issues that occupy political parties because of the type of donors or investors they receive funding from. Overall, these elite investors are able to control the American political system because they're able to afford the costs of political parties and elections, while voters need large coalitions of small donors to compete with the enormous amount of capital these elite investors inject into the political process.

Since the investment theory argues that donors matter, then money must be useful to the politician, especially during an election. If there is not an incentive to use money in an election, then investors would not matter, and the investment theory would fall apart. Furthermore, for this thesis, if there is a strong correlation between total expenditures and vote shares in the Texas State Senate and House, then this demonstrates the powerful influence of money at the local level.

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[23] (Ferguson, 1995).

CHAPTER III

DATA AND METHODS

This thesis undertakes the question by examining the relationship between money and

election outcomes in the Texas Legislature. The primary focus is on the Texas Senate and House

and the election cycles of the last decade (2010, 2012, 2014, 2016, and 2018). As for the Texas

Senate, this chamber has staggered election cycles. After the Texas Legislature redraws senate

districts and once the first session takes place after all 31 senate districts are up for election, the

chamber has a random drawing to determine which senators will have two-year or four-year

terms before the next election.[24] Therefore, when identifying active district elections in each

cycle, there are some districts with no elections for that cycle, which decreases the number of

observations available for the regression analysis. In order to increase the number of

observations in the Texas Senate, I combined all the number of active cases for every election

cycle.

As for the Texas House, this chamber has two-year terms, therefore, the 150 house

districts are up for election every cycle. I did not have to aggregate the Texas House data like I

did for the Texas Senate because there are 150 cases every election. The candidate-level data is

gathered from the Texas Ethics Commission and the Texas Office of the Secretary of State

websites. The data collection for the control variable of partisanship was gathered from the Daily

Kos Elections and the Texas Tribune databases. For the incumbency control variable, the Office

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[24] (The Texas Tribune, 23 Jan. 2013).

of the Secretary of State and Ballotpedia were used to verify the incumbency mislabeling for the 2012 election cycle after redistricting. For the control variable of region, it was coded based on the location of the senate and house districts.

Dependent Variable

The dependent variable measures election outcomes in the Texas Senate and House. More specifically, this measurement of election outcomes is the measure of the Democratic margin of victory as a percentage of a two-party vote, and this excludes any third-party votes. This margin ranges from -1 to +1 as a percentage. This means it is a Republican victory if it is a negative percentage, and a Democratic victory if it is a positive percentage. If there is not a Democrat running in an active election, then the Republican total is simply -1. If there is not a Republican running in an active election, then the Democrat total is simply +1. If the Democratic margin of victory is near zero, then that indicates it is a very close or competitive election. The Democratic margin of victory is located on the Y-axis of the scatter plot.

Independent Variable

The independent variable measures money or total expenditures in the Texas Senate and House. This measurement of money is measured as the Democratic percentage of total expenditures. This means it's all the money captured of total candidate disbursement, or all the money that is pro-Democratic (this includes pro-Democratic outside spending) divided by the total money spent by both Republicans and Democrats. What is included in this total

disbursement is all candidate expenditures[25] and candidate affiliated Super PAC's or all outside money spent on behalf of the candidate. The Texas Ethics Commission refers to outside spending as a "direct expenditure," which is considered a campaign expenditure made on someone else's behalf without prior consent from the candidate.[26] All efforts were made to obtain the direct expenditure totals per candidate.

The assumptions for this money variable include the difference of the value of the dollar spent during a primary or general election cycle. The assumption is that the dollar spent in a primary is equivalent to a dollar spent in the general, however, the importance is the total money rather than the value of when it is spent. The amount of spending in the primary is not an overwhelming amount of total spending as compared to the general election. There are high priced primaries, but it is not all that common. Therefore, all the money spent has the same value no matter when it was spent or by who.

Control Variables

The control variables for this thesis measure partisanship, region, and incumbency. For the partisanship control variable, this included the Republican margin of victory percentage in the presidential election results for 2012 and 2016 per senate district. This means for all 31 senate districts; it will operationalize the percentage of those in that district that voted for Mitt Romney in 2012 and Donald Trump in 2016. This Republican partisanship measurement will help determine if it interferes with the relationship between money and election outcomes.

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[25] All candidate expenditures can be found in cover.csv dataset from the Texas Ethics Commission website. This dataset includes the top line numbers from the candidates' filings over the two-year period before the election, which includes total money raised and total money spent.

[26] All outside spending on behalf of the candidate can be found in the cands.csv dataset from the Texas Ethics Commission Website. These are considered "direct expenditures" which is a campaign expenditure made on someone else's behalf.

For the control variable of region, each senate and house district were categorized in one of the five Texas regions that was coded for this study. These Texas regions include, North Texas, South Texas, West Texas, East Texas, and Central Texas. This measure will be useful to determine the significance of money at the local level by combining the senate and house districts with the same coded region. This control variable determines if geography has impact on the relationship between money and votes.

The control variable for incumbency was collected from the Texas Office of the Secretary of State website, however, the website coding for incumbency was skewed in the 2012 election cycle. The coding for incumbency included labeling if the candidate was an incumbent or in an open seat with the predecessor being a Republican or Democrat. The website listed most 2012 senate districts as non-incumbents, even if they held the senate district seat in 2010 before redistricting, and there was some mislabeling of house districts for 2012. Therefore, I verified the incumbency label through Ballotpedia since the Texas Office of the Secretary of State website had some coding errors.

CHAPTER IV

FINDINGS

Table 1 displays the results of the correlation coefficients between the Democratic margin

of victory and the Democratic percentage of total expenditures. These results are consistent with

the studies conducted by Ferguson et al. (2016), Bekkouche and Cagé (2018), and Davidson et

al. (1977), which found a strong linear correlation between money and election outcomes at the

local, national, and international level. This finding shows that money and votes are highly

correlated in the Texas State Senate between 2010 to 2018, at $r = .884$, and serves as a modern

and expanded version of the Davidson et al. study that was conducted in Texas that was limited

to two election cycles in 1972 and 1974.

TABLE 1: Correlation Matrix of Victory Margins and Spending, Texas Senate Elections 2010-2018 (N=93)

	dem_ma~n	dem_sp~d
dem_margin	1.0000	
dem_spend	0.884	1.0000

The descriptive statistics demonstrate an interesting analysis of the Texas Senate. The

region control variable was able to show the regional breakdown of senate districts: 6 central

districts, 11 eastern districts, 8 northern districts, 3 southern districts, and 3 western districts. The

number of active elections vary per election cycle in the Texas Senate. However, after

redistricting, all 31 senate districts must conduct an election. A lottery determines which senator

has two-year or four-year term limits. In 2010, there were 16 active elections, 2012 there were 31 (election after redistricting), 15 active elections for 2014, 16 for 2016, and 15 for 2018.

The number of districts with both a Republican and Democratic candidate in a contested senate election also vary per election cycle. In 2010, only 8 districts were contested, 18 in 2012, 9 in 2014, 10 in 2016, and 14 in 2018. Figure 1 shows the percent of incumbents in contested races in the Texas Senate from 2010 to 2018, and demonstrates how most incumbents aren't contested, but with slight increases in 2012 and 2018. For 2012, redistricting can be attributed to the percent of incumbents in contested races, but 2018 tells a different story. This can also be seen in Figure 2, where 100 percent of Democratic senate incumbents are contested in every election cycle while Republicans are not, until 2018. What happened in 2018 where there was a rise in contested incumbent senate seats? This will be discussed further throughout this chapter.

FIGURE 1: Contested Races as a Percent of Incumbents Texas Senate Elections 2010-2018
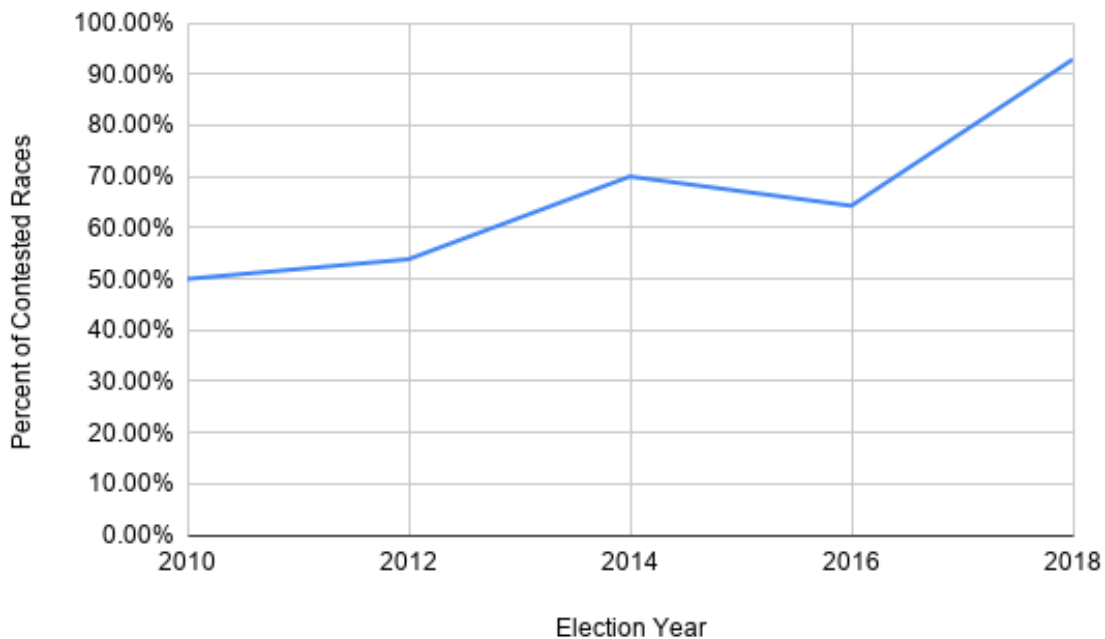
FIGURE 2: Contested Races as a Percent of Democratic & Republican Incumbents in Texas Senate Elections 2010-2018
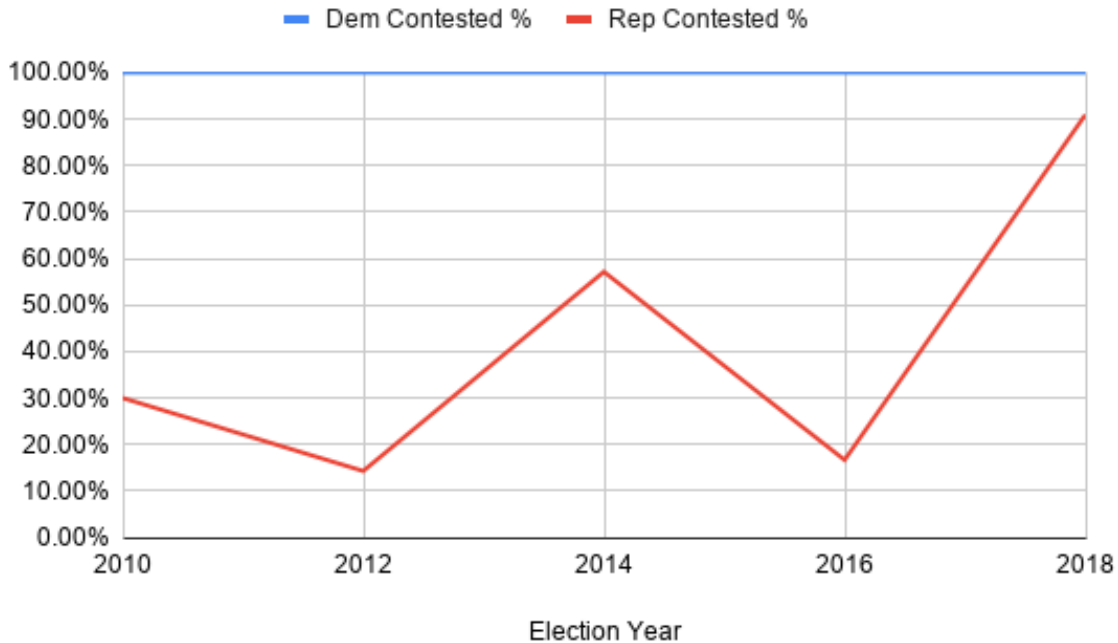

Table 2 is a breakdown of total candidate expenditures and all outside spending in favor of that candidate for Democrats and Republicans in the Texas Senate per election cycle from 2010 to 2018. A significant finding is the drastic increase in outside spending in every election cycle, especially after the Supreme Court's decision in *Citizens United v. Federal Election Commission* in 2010. Another important finding shows how Republicans heavily outspent Democrats handily in every election cycle, both in candidate expenditures and outside spending. This Democratic deficit demonstrates their complete lack of competitiveness in the money game. The most dramatic candidate expenditures and outside spending occurred in 2018, when Democrats were outspent by more than $30 million, and they did not win back the majority in the senate. Only senate district 10 and 16 were able to ride the momentum of the "Beto effect," as Tarrant and Dallas County favored Beto O'Rourke and provided a boost for down ballot candidates in the DFW area.

TABLE 2: Total Money Spent By Democrats & Republicans in Texas Senate Elections 2010-2018

	2010	2012	2014	2016	2018
Dem Total Spending	$2,723,296.14	$12,950,248.66	$4,817,399.03	$6,824,970.93	$7,580,420.63
Rep Total Spending	$5,674,776.47	$18,146,772.53	$12,911,258.46	$8,443,033.94	$32,047,443.83
Dem Outside	$6,983.71	$108,086.10	$46,914.22	$810,606.52	$806,121.41
Rep Outside	$44,789.23	$566,206.91	$477,028.95	$1,482,723.71	$7,682,818.51
Total Dem Spending	$2,730,279.85	$13,058,334.76	$4,864,313.25	$7,635,577.45	$8,386,542.04
Total Rep Spending	$5,719,565.70	$18,712,979.44	$13,388,287.41	$9,925,757.65	$39,730,262.34
Observations N of Districts	16	31	15	16	15

Table 3 displays the multilevel regression analysis of the contested races in the Texas Senate from 2010 to 2018. The independent variable, the Democratic percentage of total expenditures, shows statistical significance, which means money spent per election has a strong influence on election outcomes, or the Democratic margin of victory. However, GOP partisanship, which is a control variable, also displayed statistical significance, which means the Republican presidential vote is highly multicollinear with the money variable and there is heteroskedasticity in the ordinary least squares (OLS) regression results. Therefore, robust standard errors were used for this OLS regression, (Hayes and Cai, 2007). The geography variables of Table 3 show that when the Democratic percentage of expenditures is held constant, geography does not have an effect. This contradicts retail politics theory that argues locality

influences elections; however, this regression analysis shows that regional differences do not matter when it comes to money's influence.

Table 4 is the same multivariate regression analysis as Table 3, but without the GOP partisanship control variable. The reason being is to show the differences since the presidential vote variable is highly correlated. Furthermore, once the GOP Partisanship variable is removed, the independent variable of money spent, or the Democratic percentage of total expenditures, still shows statistical significance, but at a slightly lower level. This shows that the regression outputs have very similar results and that it is worth analyzing both regression tables. Table 4 has similar results as Table 3 with the region variable, showing no statistical significance. Overall, this multivariate analysis demonstrates how money has a significant influence in the Texas Senate from 2010 to 2018, but most importantly, the lack of competitiveness between the Democratic and Republican parties, for the exception of the three outliers, senate district 8, 10 and 16 in 2018, which will be explored extensively below.

Figure 3 displays the linear regression results between the Democratic margin of victory and the Democratic percentage of expenditures of all Texas Senate races from 2010 to 2018. This graph shows the same strong relationship discussed in the correlation matrix in Table 1. However, Figure 3 includes all uncontested races, which means it includes incumbents and candidates who run unopposed and still spend. Since this can cause Figure 3 to show a stronger linear correlation, Figure 4 is a linear regression that excludes all uncontested races. Even with this adjustment, Figure 4 still shows a high linear correlation between money spent and vote totals in the Texas Senate.

Figure 4 also highlights a few key senate races that were competitive, even when the Democratic candidate was heavily outspent and won, like in senate districts 16 and 10. One of

the most shocking upsets in the 2018 election cycle was the defeat of incumbent senator Don Huffines of senate district 16. This district is located north of Dallas, in the suburbs of Irving, Coppell and Garland, and has been a Republican district for over three decades.[27] However, Democratic candidate Nathan Johnson, a lawyer, beat incumbent Huffines by 8 points. The Democratic percent of the money for senate district 16 was 24 percent, meaning Johnson was heavily outspent. When combining total money spent by the candidate and outside money in favor of incumbent Huffines, he spent $4,541,181.99 to Johnson's $1,402,505.32, respectively. Johnson himself attributed his victory to the "Beto effect," where Democratic candidate for the U.S. Senate in 2018, Robert "Beto" O'Rourke, won Dallas County by 66 percent and gave a boost to down ballot races in the Dallas-Fort Worth area.[28] Johnson's platform included increased funding for public education, infrastructure, and expand healthcare to all.

The other surprise upset in 2018 was senate district 10, where former school board member and real estate agent Beverly Powell defeated Republican incumbent Konni Burton by 2 percent.[29] Senate district 10 is primarily in Tarrant County and encompasses large areas of Fort Worth and suburbs like Arlington. For the first time in almost 35 years, Tarrant County flipped to Democrats in 2018 for Beto O'Rourke, which helped down ballot candidates like Beverly Powell flip the senate district.[30] Although not as drastic as senate district 16, Powell was still outspent by incumbent Burton. The Democratic percent of the money was 40 percent, and Burton spent a total of $2,357,702.78 to Powell's $1,581,382.44, respectively. Powell made the focus of her campaign on public education and outside influence intervening in the election. "I think we're seeing a shift from hyper-partisanship that we've seen in our district. We're moving

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[27] (Dallas Morning News, 11 Oct. 2018).
[28] (Reform Austin, 13 Nov. 2018).
[29] (Fort Worth Star-Telegram 7 Nov. 2018).
[30] (WFAA, 7 Nov. 2018).

away from allowing our district to be controlled by West Texas billionaires."[31] Although

Johnson and Powell were able to squeeze out victories while being outspent, the "Beto effect"

gave these candidates a boost, following similar trends in previous presidential cycles of Tarrant

and Dallas County swinging away from Donald Trump to Hillary Clinton in 2016, and then for

Beto O'Rourke's U.S. Senate run in Texas in 2018.[32]

Another key race in 2018 was senate district 8 that showed the Democratic candidate

being significantly outspent by the Republican candidate, but the Republican candidate almost

losing the election. The senate district 8 race was between Republican candidate Angela Paxton,

a former guidance counselor and wife of Texas attorney general Ken Paxton, and Democratic

candidate Mark Phariss, a lawyer who would have become the first openly gay state senator.[33]

The Republican primary for senate district 8 was the most expensive state senate race in Texas

history at $12 million, where Paxton reportedly spent $3.7 million against her opponent, Phillip

Huffines, a real estate developer, who spent a whopping $8.4 million.[34] One of the possible

reasons this race was so close in both the primary and general election could be the connection to

her husband Ken Paxton, who was indicted by a state grand jury on three securities-fraud

felonies,[35] along with a boost from the "Beto effect." Angela Paxton campaigned on being a

"pistol-packing mama whose husband sues Obama," but only won 51 percent of the vote

compared to Phariss's 49 percent, a slight margin of victory.[36] The Democratic percent of the

money was a staggering 6 percent, where Paxton spent a grand total of $6,438,173.40 to Phariss'

$433,211, respectively.

[31] (Fort Worth Star-Telegram 7 Nov. 2018).
[32] (Texas Tribune 24 Oct. 2018).
[33] (NBCDFW, 5 Nov. 2018).
[34] (Dallas Morning News, 17 Jul. 2018).
[35] (The Statesman, 25 Sep. 2018).
[36] (NBCDFW, 5 Nov. 2018).

TABLE 3: The Effectiveness of Money in Contested Races in Texas Senate Elections 2010-2018

	Coeff	se	t	p
Constant	.8221	.0662	12.4136	.0000*
Dem Spending	.1291	.0279	4.6266	.0000*
GOP Partisanship	-.0180	.0007	-24.5644	.0000*
Central	-.0604	.0325	-1.8546	.0719
East	-.0681	.0332	-2.0498	.0477
North	-.0549	.0362	-1.5175	.1379
West	-.0784	.0328	-2.3919	.0221
2012	.0934	.0162	5.7673	.0000*
2014	.0213	.0191	1.1139	.2727
2016	.0168	.0209	.8053	.4259
2018	.0881	.0192	4.5865	.0001*
Observations	75	75	75	75
N of Districts				

* p<0.001
Rsqrd = .9896, F = 583.6077
NOTE: A heteroscedasticity consistent standard error estimator was used.

TABLE 4: The Effectiveness of Money in Contested Races in Texas Senate Elections 2010-2018 (Excludes GOP Partisanship)

|	Coeff	se	t	p
Constant	-.4179	.0701	-5.9608	.0000*
Dem Spending	.7440	.0518	14.3525	.0000*
Central	.0336	.0555	.6055	.5486
East	-.0106	.0549	-.1932	.8479
North	.0795	.0833	.9550	.3458
West	-.1055	.0476	-2.2184	.0327
2012	.0341	.0586	.5823	.5639
2014	-.0058	.0629	-.0929	.9265
2016	-.0561	.0427	-1.3155	.1964
2018	.1263	.0623	2.0267	.0499
Observations	75	75	75	75
N of Districts				

* $p<0.001$
Rsqrd = .8486, F = 145.6056
NOTE: A heteroscedasticity consistent standard error estimator was used.

FIGURE 3: Linear Model of Campaign Spending and Margin of Victory, Texas Senate Elections 2010-2018 (All Races)
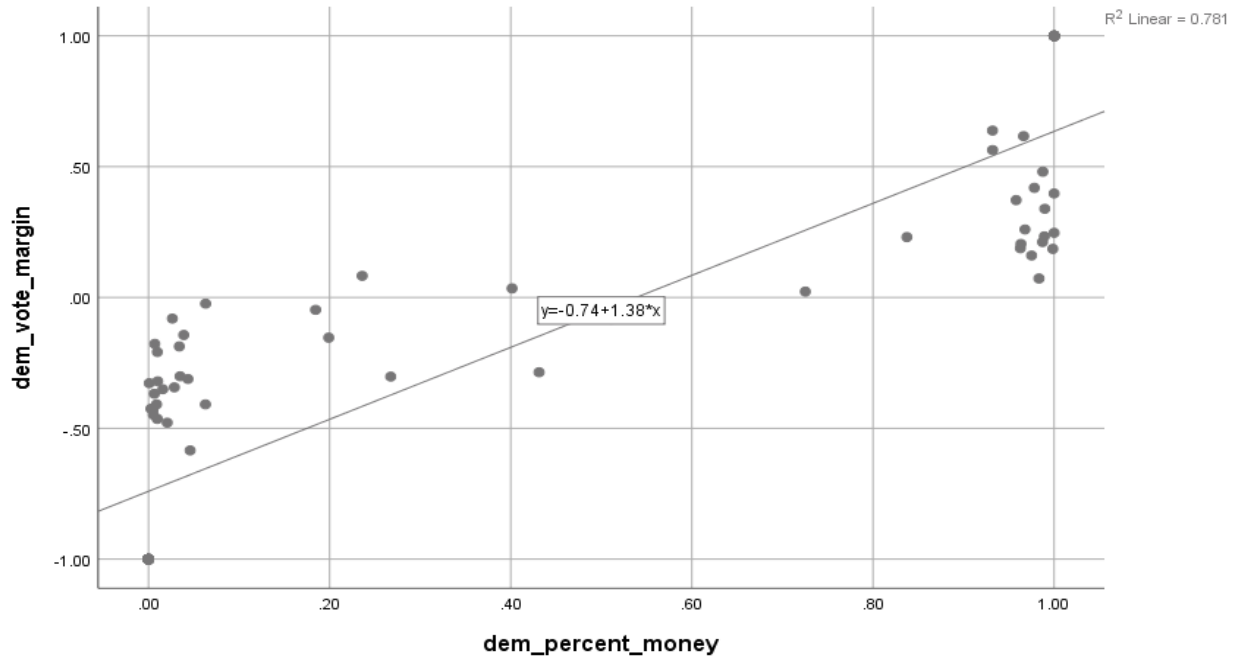

FIGURE 4: Linear Model of Campaign Spending and Margin of Victory, Texas Senate Elections 2010-2018 (Excludes Uncontested Races)
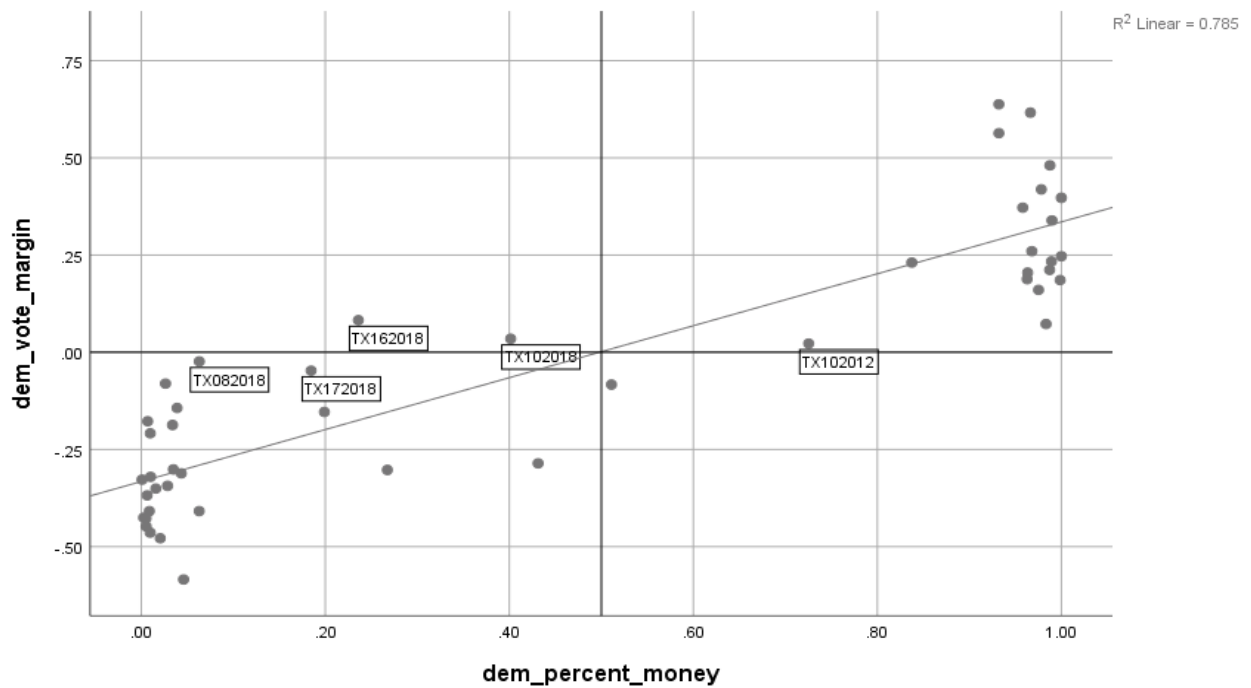
The Texas House elections from 2012 to 2018 demonstrated similar results as the Texas Senate elections–a strong linear correlation of money spent and vote margin. The Texas House had more cases, and the election cycles did not have to be combined like the Texas Senate to increase the number of cases to be able to interpret a regression analysis, as there are 150 districts and four election cycles that provide more than enough cases. Figure 5 displays the percent of incumbents in contested races in the Texas House and shows how it is much less contested than the Texas Senate. In 2012, only 34.7 percent of house races were contested, 31.3 percent in 2014, 34.7 percent in 2016, and 62.7 percent in 2018. Figure 6 demonstrates the percent of Democratic and Republican incumbents in contested races, and shows that incumbents are not challenged in elections, with a slight spike in 2018. This spike is similar to the Texas Senate, where 2018 saw Democrats becoming slightly more competitive even when losing the money race.

FIGURE 5: Contested Races as a Percent of Incumbents Texas House Elections 2012-2018
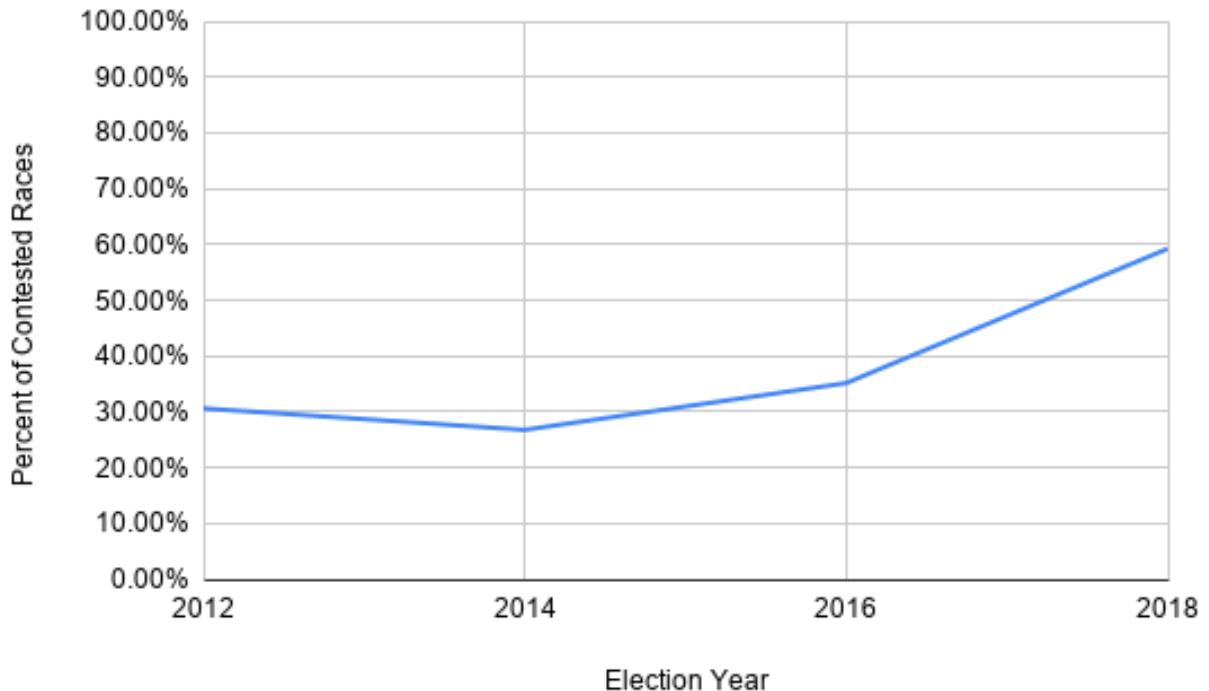
FIGURE 6: Contested Races as a Percent of Democratic & Republican Incumbents in Texas House Elections 2012-2018
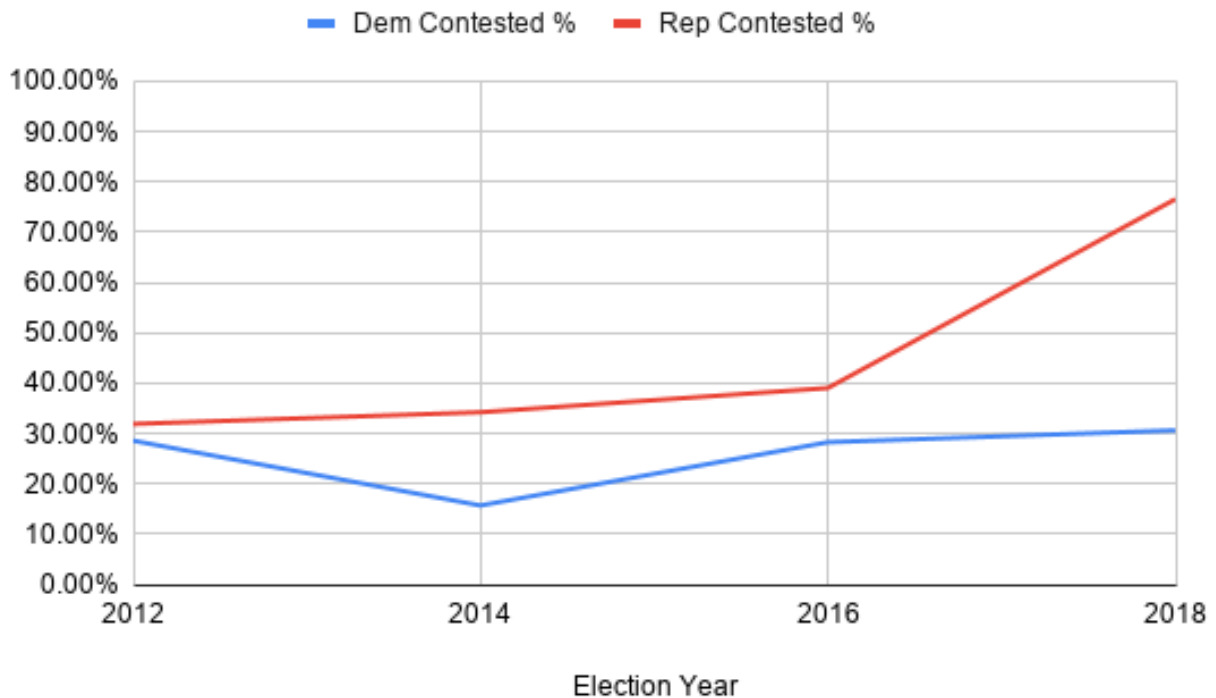

Table 5 shows the total candidate expenditures and all outside spending for Democrats

and Republicans in the Texas House elections from 2012 to 2018. This breakdown really

highlights the lack of competition from Democrats in the money race, as Republicans heavily

outspend Democrats in Texas House elections. The most significant finding is the drastic

difference in candidate spending and outside spending for Democrats and Republicans. Every

election cycle, outside spending dramatically increases for Republicans while Democrats remain

steady spending until 2018. Even when Democrats attempted to be competitive in the money

race in 2018 and quadrupled their spending, Republicans more than tripled their total spending

from the 2016 election cycle to an astonishing $175 million compared to Democrats $71 million.

TABLE 5: Total Money Spent By Democrats & Republicans in Texas House Elections 2012-2018

	2012	2014	2016	2018
Dem Total Spending	$13,859,667.84	$13,650590.51	$14,358,412.92	$45,739,721.46
Rep Total Spending	$28,912,905.16	$26,734,888.95	$43,954,810.38	$108,441,342.14
Dem Outside	$402,109.76	$382,435.75	$1,331,072.37	$25,455,025.78
Rep Outside	$549,319.32	$1,316,438.40	$11,948,455.14	$66,601,843.84
Total Dem Spending	$14,261,777.60	$14,033,026.26	$15,689,485.29	$71,194,747.24
Total Rep Spending	$29,462,224.48	$28,051,327.35	$55,903,265.52	$175,043,185.98
Observations N of Districts	150	150	150	150

The following tables, Tables 6 to 9, are the regression results for Texas House elections from 2012 to 2018. These tables do not include uncontested races because the money spent will always go to the candidate, therefore, uncontested races were excluded to test the hypothesis more robustly. Tests were conducted for heteroskedasticity in the OLS regression results and there was no presence of heteroskedasticity so robust standard errors were not needed. These regression results are similar to the Texas Senate elections, the money variable, Democratic spending, shows statistical significance in every Texas House election. District partisanship also shows statistical significance and there are regional differences in this partisanship. These results show North and Central Texas are more conservative compared to East and South Texas. The variance inflation factor (VIF) shows some multicollinearity, mostly between money and district partisanship, but not nearly as high as the Texas Senate.

TABLE 6: The Effectiveness of Money in Contested Races in Texas House Elections 2012

	Coeff	se	t	p	VIF
Constant	.912	.054	16.796	.000*	
Dem Spending	.124	.034	3.596	.001*	4.474
GOP Partisanship	-.018	.001	-23.901	.000*	4.076
Central	-.048	.020	-2.368	.022	2.109
East	-.014	.019	-.752	.456	2.461
North	-.043	.021	-2.078	.043	2.623
West	-.062	.033	-1.870	.068	1.239
Observations N of Districts	52	52	52	52	

* p<0.01
Rsqrd = .986, F = 517.355

TABLE 7: The Effectiveness of Money in Contested Races in Texas House Elections 2014

	Coeff	se	t	p	VIF
Constant	.701	.073	9.559	.000*	
Dem Spending	.165	.041	4.033	.000*	2.705
GOP Partisanship	-.018	.001	-18.734	.000*	2.690
Central	.043	.041	1.044	.303	4.329
East	.032	.039	.827	.413	6.453
North	.045	.039	1.160	.253	6.451
West	.000	.053	.007	.995	2.083
Observations **N of Districts**	47	47	47	47	

* p<0.01
Rsqrd = .970, F = 217.519

TABLE 8: The Effectiveness of Money in Contested Races in Texas House Elections 2016

	Coeff	se	t	p	VIF
Constant	.662	.061	10.772	.000*	
Dem Spending	.188	.036	5.216	.000*	3.471
GOP Partisanship	-.017	.001	-20.034	.000*	3.084
Central	.012	.036	.326	.746	3.440
East	.028	.034	.831	.410	4.299
North	.018	.034	.546	.587	5.315
West	.015	.061	.248	.805	1.343
Observations N of Districts	52	52	52	52	

* p<0.01
Rsqrd = .977, F = 313.565

TABLE 9: The Effectiveness of Money in Contested Races in Texas House Elections 2018

	Coeff	se	t	p	VIF
Constant	.867	.039	22.507	.000*	
Dem Spending	.087	.026	3.404	.001*	3.231
GOP Partisanship	-.019	.000	-44.216	.000*	2.811
Central	.042	.021	1.970	.052	3.997
East	.038	.022	1.727	.088	5.121
North	.057	.021	2.683	.009	5.771
West	.026	.026	.980	.330	2.202
Observations **N of Districts**	94	94	94	94	

* p<0.01
Rsqrd = .986, F = 1030.947

For the following linear regression graphs, each election cycle has two graphs, the first being all Texas House races, even those with uncontested races. The second graphs exclude all uncontested races or eliminates elections with only one candidate. This was done because candidates without an opponent who win still spend during the election cycle and this can show an inflated correlation, but the results show only slight differences with a strong linear correlation for both graphs. For these graphs, the vertical axis is the Democratic margin of victory and the horizontal axis is the Democratic percentage of expenditures. Figure 7 shows the linear regression model for the Texas House elections of 2012, which includes all races, and shows a high correlation between money and the vote margin. Figure 8 excludes uncontested races and although it is a slightly lower correlation than Figure 7, it still shows a strong relationship between money and votes. These results are also similar in Figures 9 to 14 for the election of 2014, 2016, and 2018. Furthermore, these linear regression models in Texas House elections confirm a strong linear relationship, consistent with previous scholars with similar studies, but of the Texas Legislature in the last decade. However, the 2018 Texas House elections show lower correlations than the previous election years in this study shown in Figure 13 and 14, and this deviation will need further analysis.

The deviation in 2018 Texas House elections show Democrats outperformed their campaign expending by winning a handful of elections, so what happened in 2018 to explain this boost? The Texas House results for the election cycles before 2016 for the most part reflected the presidential results in each district, for example, only two Texas House Republicans represented districts that former president Barack Obama won in 2012, and there were zero Texas House Democrats that represented districts that former Republican presidential nominee Mitt Romney won. However, the 2016 election unsettled the district partisanship of the previous election

cycles, as the presidential results in the Texas House districts showed there were 17 districts where Romney was above 50 percent of the vote in 2012 while President Donald Trump won less than 50 percent of the vote. These Texas House districts include: 45, 47, 52, 65, 66, 102, 105, 107, 108, 112, 113, 114, 115, 134, 135, 136, and 136. These house districts are primarily located by the metropolitan areas, like Central, North and East Texas in the Austin-San Antonio, Dallas-Fort Worth, and Houston areas. Although Trump still won 6 of those districts, Texas House Democrats still lost 16 of those races. There was only one Democrat that won, and it was Texas House District 107, while only 5 of those races were open seats formerly held by a Republican and the remaining were Republican incumbents. The 16 house races that Democrats lost only averaged about 5.8 percent of the percentage of money with a standard deviation of 8.4 percent, with a minimum of zero and a maximum of only 27 percent. The only Democrat victory, TX107, had 29 percent of the share of money, which was the highest of all races mentioned above.

As the linear regression graphs show, the 2018 election cycle showed Democrats outperforming even while losing the money race, so what caused this shift? In the same 17 house districts, Democrats were able to hold on to TX107, but Democrats also flipped 11 of the remaining 16 districts, and 4 were open seats formerly held by Republicans and 7 were Republican incumbents. Compared to the 2016 election results when Republicans won 95 seats to Democrats 55 seats, 2018 results saw a surprisingly better performance with 83 Republicans to Democrats 67 seats won. In this election, Republicans lost 12 seats, which 11 of those 12 seats were from the 17 house districts that Romney won with over 50 percent and where Trump had less than 50 percent of the vote. The remaining seat that Democrats flipped in 2018 came from a house district Trump won, making the total flips for Democrats to 12, while there were only 5

Texas House Republicans representing districts won by former Democratic presidential nominee Hillary Clinton in 2016. In those 17 house districts, the Democratic percentage of the money increased the average of 26.4 percent, the standard deviation to 13 percent, with a minimum of 7 percent and a maximum of 52 percent. Although Democrats increased their money totals to be slightly more competitive, it was not overwhelming nor enough to win the majority in the Texas House, so what could explain them winning a handful of seats while being heavily outspent by Republicans?

Figure 14 shows the 12 seats Democrats were able to flip without the money advantage, but it did not completely disrupt the linear regression analysis as it still showed a strong correlation. Furthermore, why would more voters flip those districts that voted for Clinton and Republican Texas House members in 2016, only to switch to Democratic house members in 2018? The most likely answer is the "Beto effect" and the prolific fundraising the Democratic candidate for U.S. Senate in Texas, Beto O'Rourke, was able to produce in the 2018 midterm elections. O'Rourke completely won those 17 house districts, and as seen in Figure 15, O'Rourke's results strongly track the results for Texas House Democrats in 2018. Of the 11 out of 17 house districts Romney and Clinton won, those 11 were Republican incumbents in 2016 (except TX107), but in 2018 Democrats were able to flip 7 out of those 11 districts. These 11 districts that Romney and Clinton won are important because O'Rourke was able to outperform Clinton in those districts, with a mean overperformance of 6.47 percent, a minimum of 49 percent, maximum of 10.4 percent, and a standard deviation of 1.5 percent. In the 17 house districts that Romney won with over 50 percent and where Trump underperformed below 50 percent, in the 6 districts that Clinton lost even with Trump underperforming, O'Rourke outperformed Clinton with a mean difference of 6.98 percent, and a minimum of 4.9 percent and

maximum of 10. 6 percent. However, O'Rourke did not outperform the remaining districts that

Clinton won in 2016, with a mean of 3.1 percent, minimum of -2.85 percent, maximum of 8.4

percent, and a standard deviation of 2.83 percent.

Overall, O'Rourke overperformed Clinton in the house districts that went for Romney in

2012 but went to Clinton in 2016 (these are the districts that Clinton won, or Trump was held

under 50 percent). More specifically, not only did O'Rourke outperform in Democratic house

districts, but he outperformed conservative districts that were trending towards Democrats after

the 2016 election, which are the Republican house districts Democrats were able to flip in 2018.

Even though Texas House Democrats increased their money, they were still heavily outspent by

Republicans in those house districts, but O'Rourke's "Beto effect" likely boosted down ballot

Democrats in those districts that flipped. The "Beto effect" helps explain the slightly lower linear

correlation in 2018, as O'Rourke helped boost those down ballot Democratic candidates that

were extensively analyzed above. When it came to the money race for O'Rourke, he was able to

haul in an impressive amount of money spent in the 2018 election. The total money spent that

favored O'Rourke, which includes outside money spent for him and against his opponent,

incumbent Senator Ted Cruz, was $85,181,160. This accounted for 64 percent of all money spent

in the Texas Senate race in 2018, and it was one of the few senate outliers since O'Rourke lost

the race.

Nevertheless, this begs the questions whether O'Rourke's overperformance of Clinton

can be attributed to her being a bad presidential candidate or if his appeal was simply viewed

more favorably. One way to test this is by comparing O'Rourke with former president Barack

Obama's performance in Texas House districts. In all 150 house districts, O'Rourke

outperformed Obama by a hefty margin with a mean of 5.89 percent higher vote percentage, a

minimum of -7.42 (Obama performed better than O'Rourke in one house district), a maximum of 18.55 percent (O'Rourke's best performance over Obama in one house district), and a standard deviation of 6 percent. Overall, on average O'Rourke outperformed Obama's results in Texas House districts by 5.89 percent. This demonstrates how O'Rourke performed really well overall, but this can be attributed to his stellar fundraising that is not comparable to previous Democratic candidates for U.S. Senate in Texas. To put O'Rourke's spending in context, in the previous Texas Senate election in 2014, Democratic candidate for U.S Senate David Alameel only spent $10,265,984 (this includes all outside money spent for Alameel and against his opponent, Republican incumbent John Cornyn), which only accounted for 43 percent of all money spent in that senate race. As previously mentioned, O'Rourke spent an astounding $85,181,160 and lost by 2 percent, the closest Texas Senate race in 40 years.[37] Although more analysis could be done, these early results demonstrate that O'Rourke's spending had positive effects for down ballot candidates for both the Texas Senate and House, and especially helped boost Democrats in marginal districts where they had a disadvantage in money by being heavily outspent by Republicans.
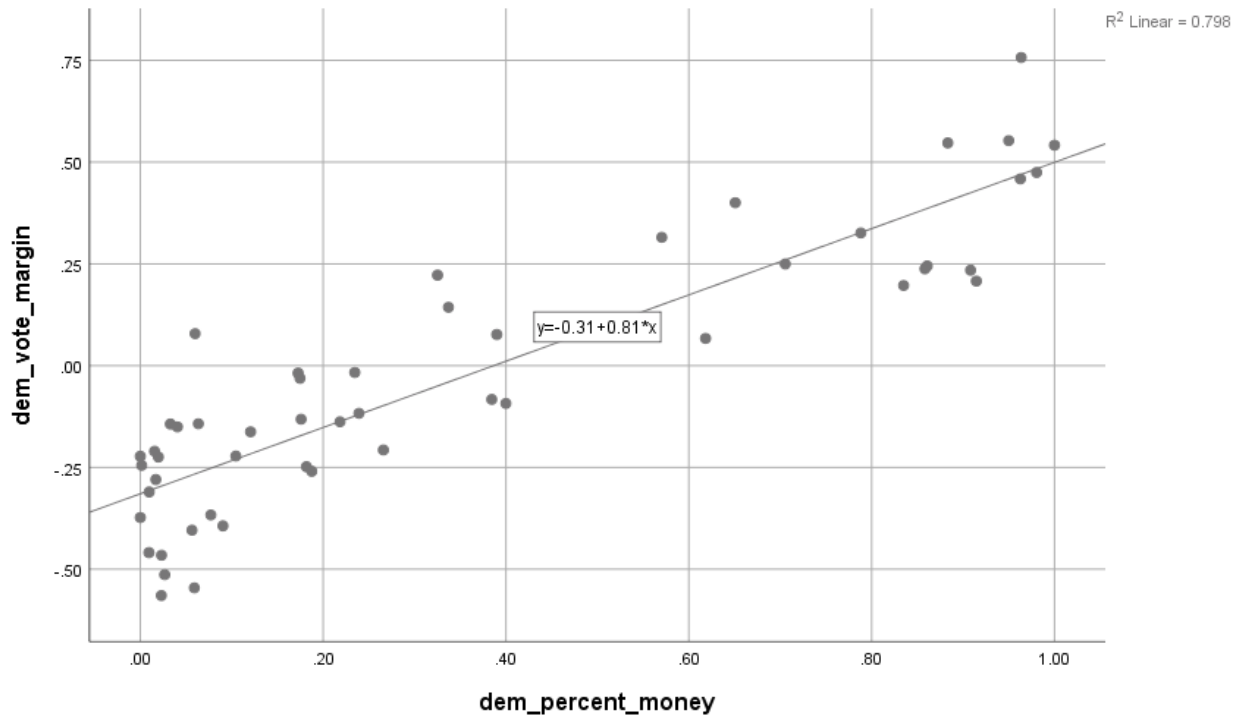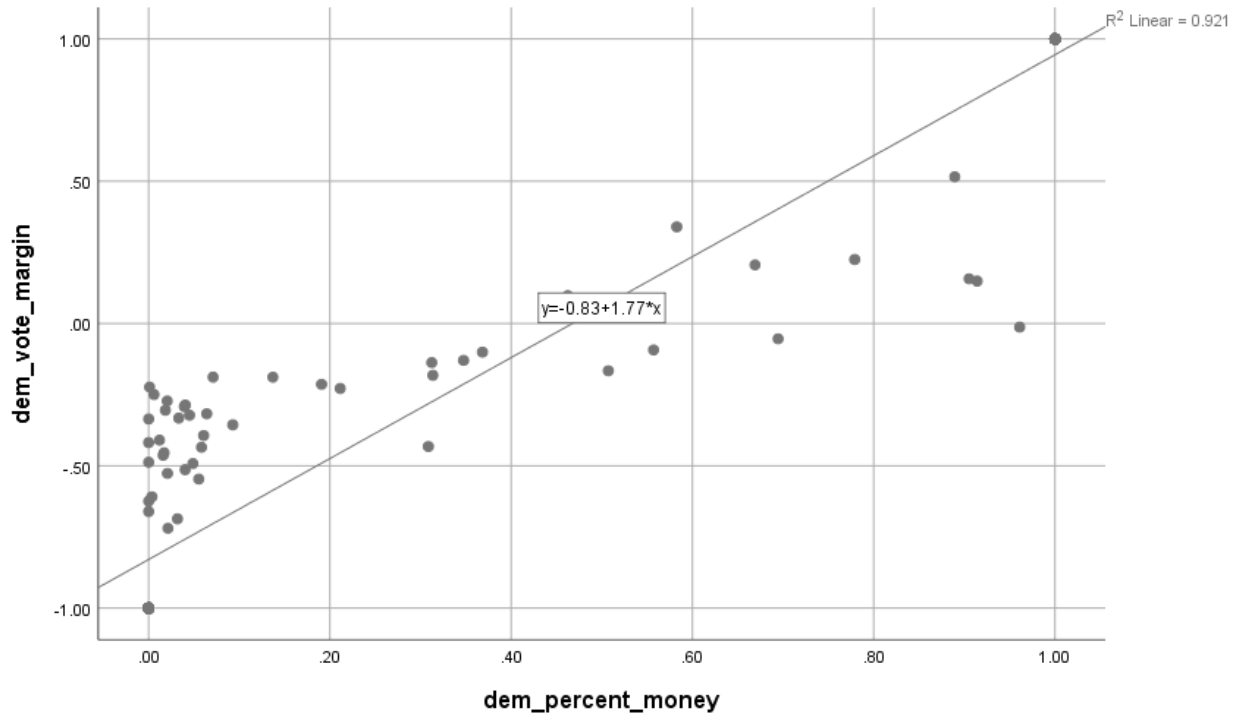
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[37] (Texas Tribune, 9 Nov. 2018).

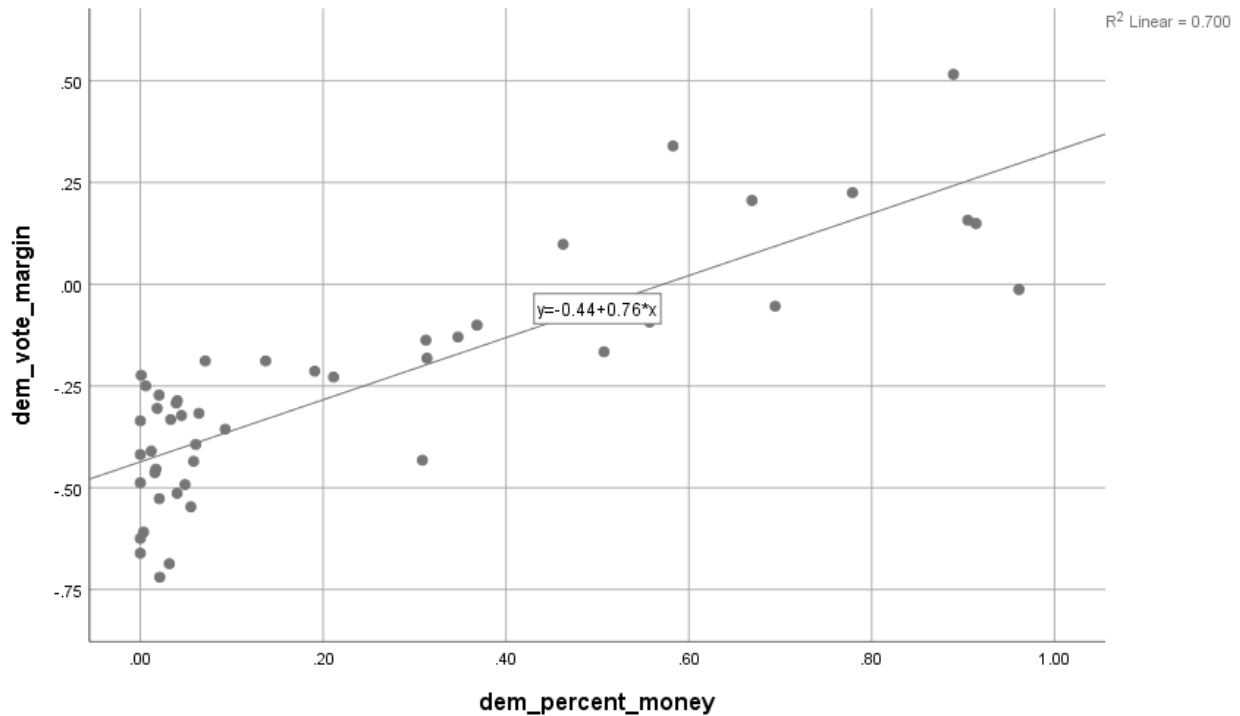**FIGURE 7:** Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2012
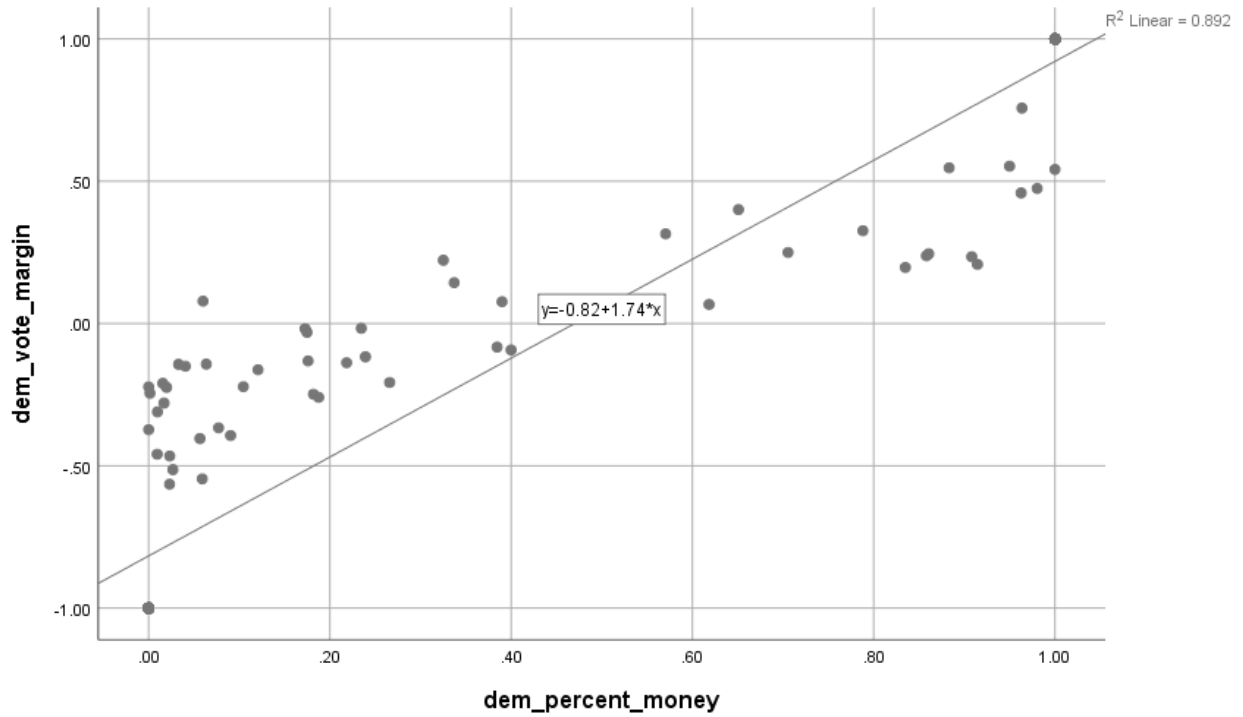
FIGURE 8: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2012 (Excludes Uncontested Races)
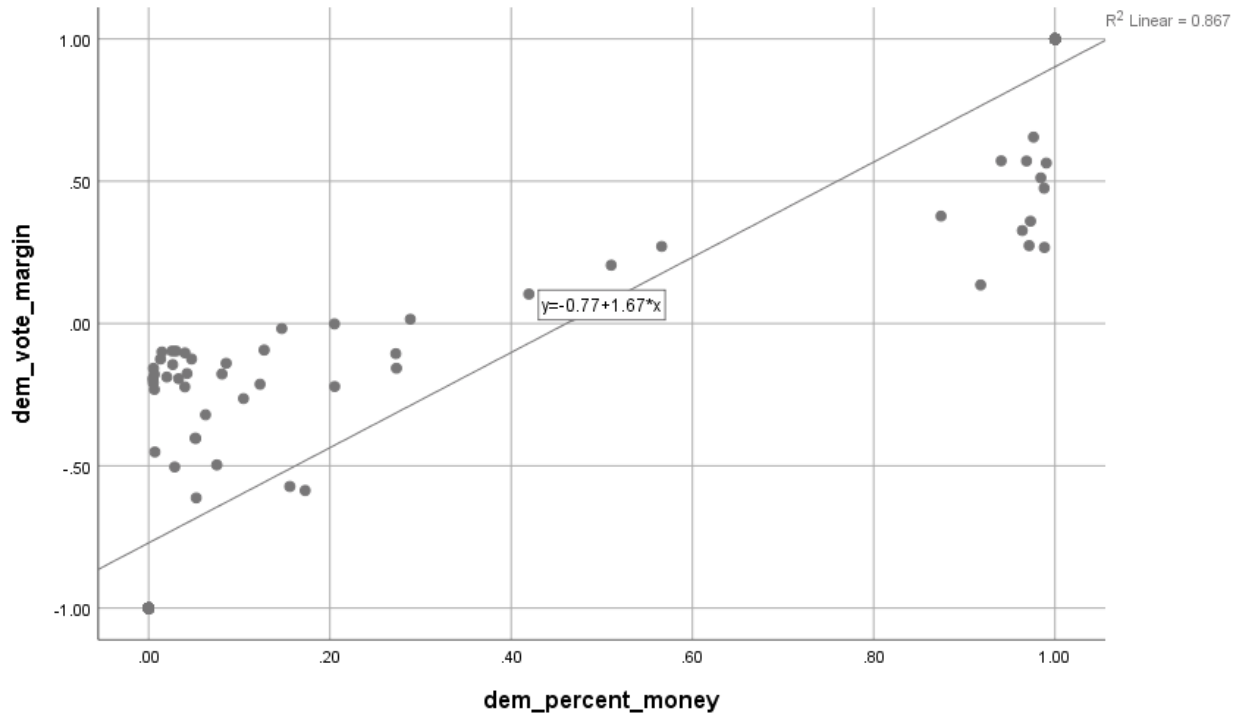
FIGURE 9: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2014

FIGURE 10: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2014 (Excludes Uncontested Races)

FIGURE 11: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2016
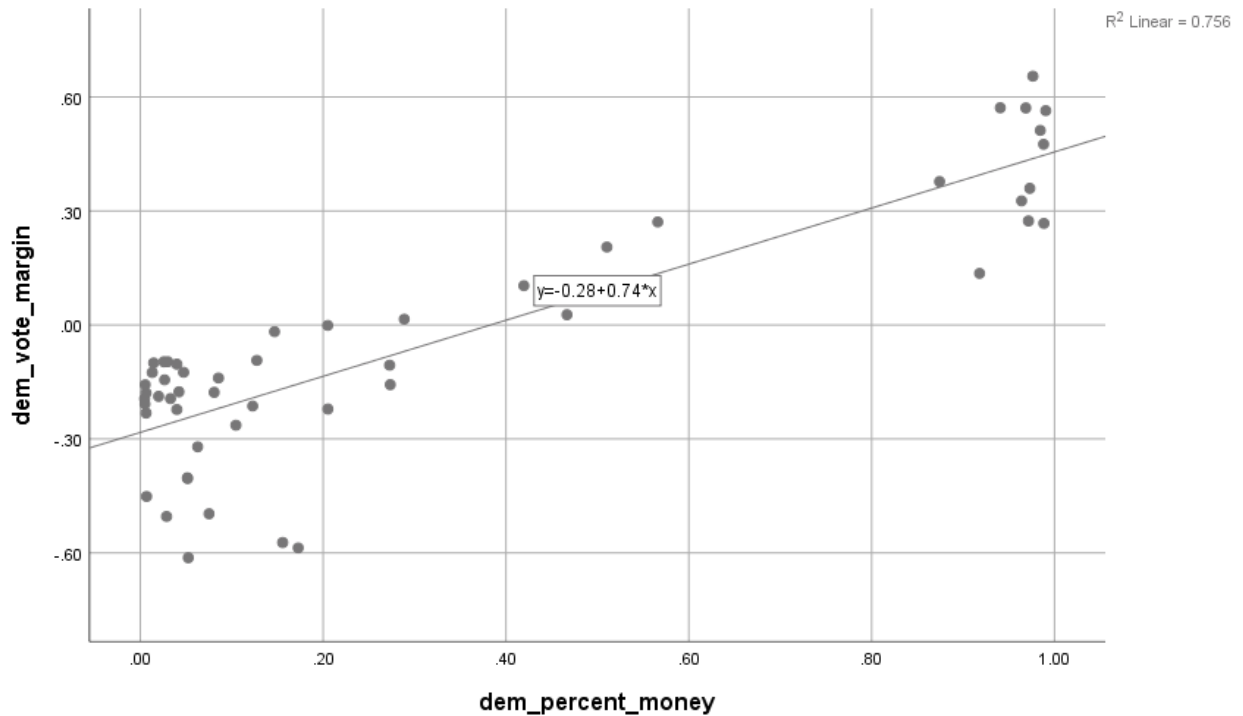

FIGURE 12: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2016 (Excludes Uncontested Races)
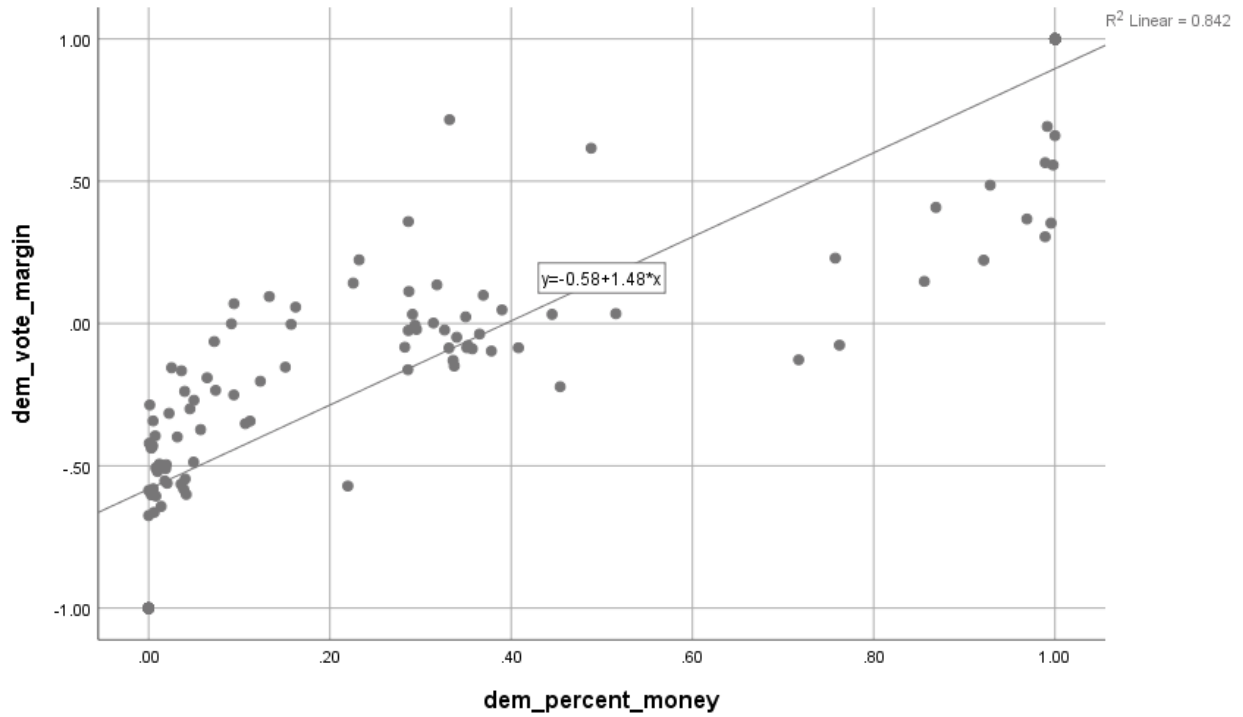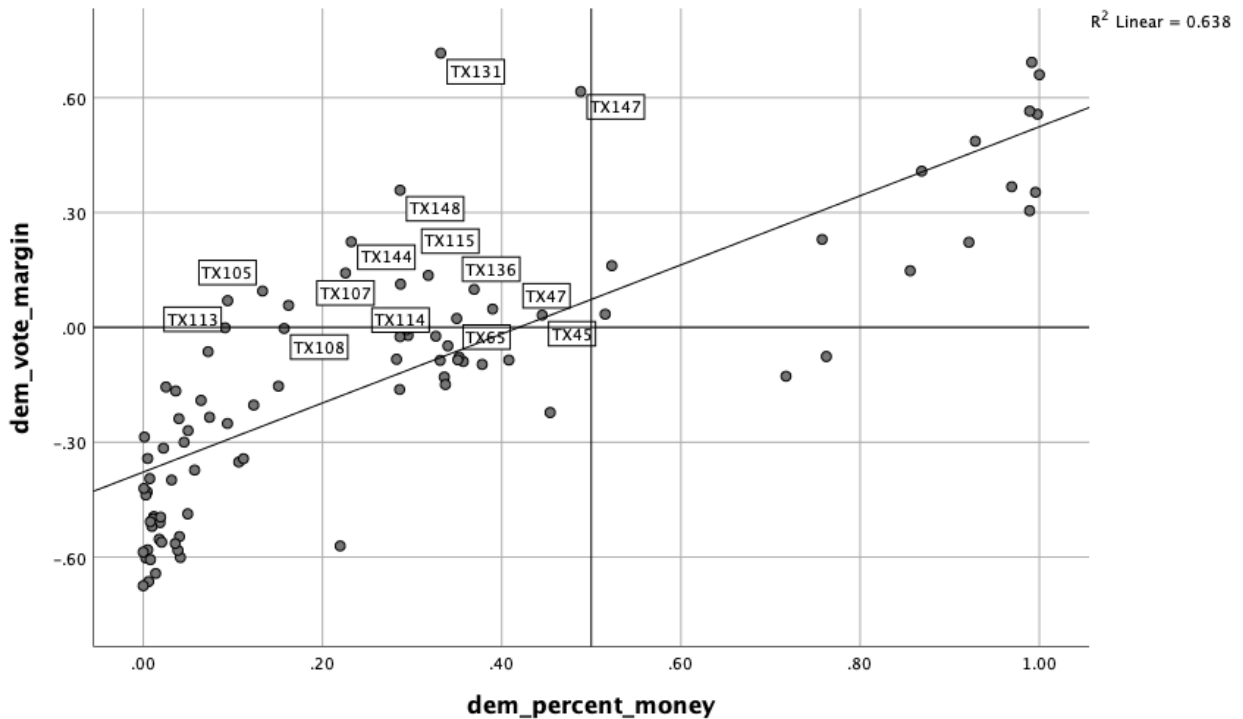
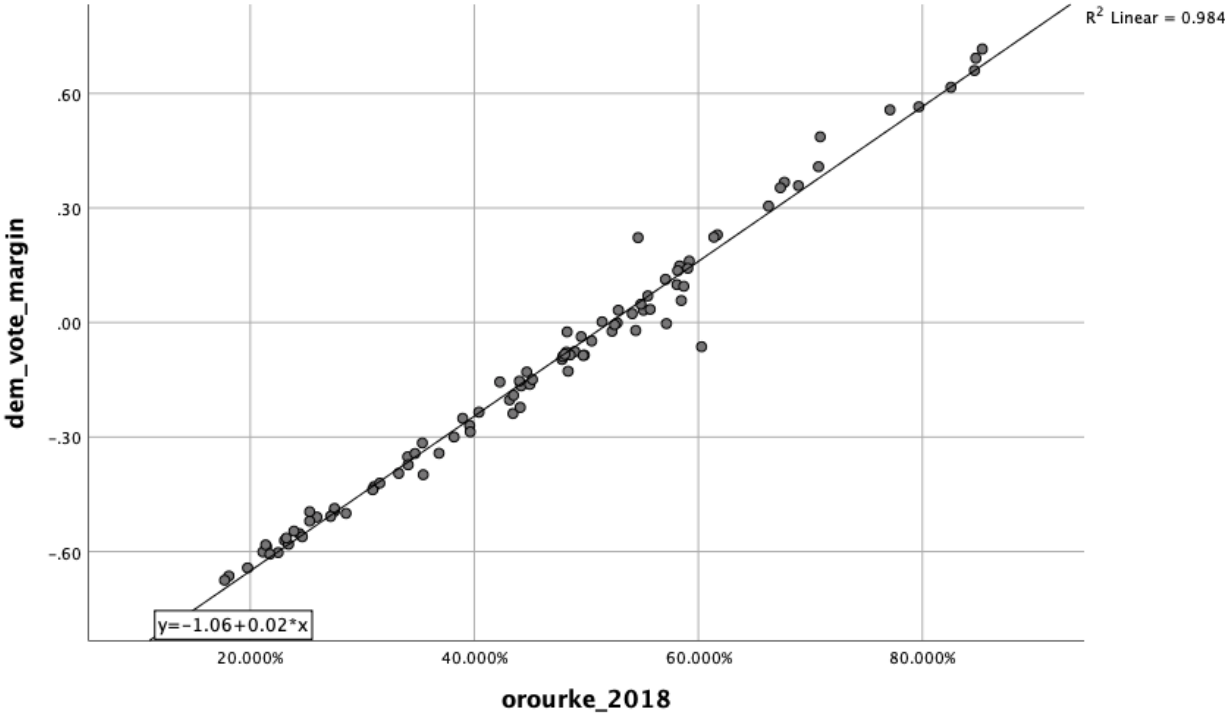**FIGURE 13:** Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2018

FIGURE 14: Linear Model of Campaign Spending and Margin of Victory, Texas House Elections 2018 (Excludes Uncontested Races)

FIGURE 15: The 2018 Election Vote for Senate Candidate O'Rourke versus Texas House of Representatives by House District

CHAPTER V

CONCLUSION

This thesis examined the role of money in election results in the Texas Legislature over the last decade and found a strong correlation of money's influence. This research would contribute to contemporary studies that found a powerful relationship in national and international elections by finding this same correlation at the local level in Texas, which has yet to be done at this scale. Overall, the influence of money in Texas politics could be traced back to the findings of V. O. Key's seminal book, *Southern Politics*, and Chandler Davidson's book, *Race and Class in Texas Politics*, where they analyzed the business elites that shaped the electoral and political process in the Lone Star State. Notwithstanding, V. O. Key's predictions of Texas shifting to more liberal political discourse and candidates have yet to come to fruition, as Davidson outlined in 1980 how the business class shaped the conservative trajectory of the state. Thomas Ferguson's investment theory of politics provides the theoretical framework to understand how money from business elites dominate elections and political parties. Furthermore, the Ferguson et al. (2016) and Bekkouche and Cagé (2018) studies prove how money does in fact matter and can determine election outcomes in U.S. Congressional and French municipal and legislative elections.

The findings in this thesis did show Democrats becoming more competitive in the 2018 elections even when being substantially outspent by Republicans, creating a media storm among

pundits of the possibility of Democrats flipping the Texas House in 2020.[38] However, the results

on election night sent a shock wave around the world as the presidential election did not

determine a winner until November 7th, 2020, while showing dire and dismal results for down

ballot Democrats across the country, including Texas where they lost all 10 competitive U.S.

House seats. In fact, the Democratic performance in federal and statewide elections were

downright disastrous. Reports of Democrats attempting to be competitive in the money race did

not pay off as Republicans kept control of the Texas House while Democrats only managed to

flip one house district in the Houston-area and lost another when they needed to flip nine seats.[39]

In the Rio Grande Valley alone, there was an insurgent of new Republican voters that made

down ballot races too close in this Democratic stronghold, as even Zapata County flipped to

Republicans for the first time since Reconstruction.[40] The 2020 election results stomped on the

Democratic dream of flipping Texas blue, as it turns out demographics are in fact not destiny and

showed Latino voters to be more independent. The dust hasn't settled on the exact money spent

in Texas elections in 2020, but the expectation would be that Republicans ramped up spending,

making sure to squander any signs of life for Democrats after impressive gains in the Texas

Legislature in the 2018 election. As Democrats return to the drawing board to reassess the 2020

outcome,[41] they will need more resources to be competitive in Texas and better up ballot

candidates as it appears President-elect Joe Biden did not provide that boost in down ballot races

across the country like we saw in 2018 with Beto O'Rourke in Texas.

　　　　In order to improve this study, expanding the time frame to include elections before 2010

would be ideal. The Texas Ethics Commission began tracking campaign finance records in 1992,

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[38] (Texas Tribune, 12 Oct. 2020).
[39] (Texas Tribune, 3 Nov. 2020).
[40] (Washington Post, 9 Nov. 2020).
[41] (Texas Tribune, 8 Dec. 2020).

which would provide more context of the role of money in Texas over the last three decades like the rise of the Republican Party and George W. Bush in the 1990s or the effect of President Barack Obama's election in 2008. However, addressing the endogeneity issue of reverse causality should be the next step to improve this thesis. In order to actually deal with the reverse causality issue, adding a variety of potential variables to the model would help eliminate as many possible explanations for what drives election outcomes besides money. Including variables such as candidate quality, events, incumbency, money spillover effect through media buys, and so on. The reason this thesis explained the 2018 deviation through the "Beto effect" was to grapple with money and partisanship variables to show it wasn't partisanship but money that pushed Democrats over the top. Another way to address reverse causality would be to use an advanced statistical tool called, spatial Bayesian latent instrumental variable (SBLIV) model, as it was modeled in the Ferguson et al. study in 2016, and the first of its kind to use this tool for campaign finance research. Nevertheless, previous studies provided an excellent model on how to find the influence of money in elections. As thoroughly discussed throughout this thesis, these studies were able to find the powerful role of money in U.S. and French elections, and now with this study in Texas elections, it can be proven that when it comes to money in elections, it doesn't matter which Paris you live in.

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BIOGRAPHICAL SKETCH

Jacqueline Arias earned her Bachelor of Arts degree in Mass Communication with a minor in political science from the University of Texas Rio Grande Valley (UTRGV) in 2018. Jacqueline earned her Master of Arts in Political Science with a concentration in Governance & Policy Process in December 2020 at UTRGV. Jacqueline can be reached via email at jacqueline.arias@utrgv.edu.