Online Appendix

Consistent with our theoretical argument, there are statistically significant direct effects of both *Reliance on Taxes* and of the *Size of Government Revenues* on human rights practices. To ascertain the functional form of the relationship between the dependent and the main independent variables, we also conducted a test for the interactive effect of the independent variables. In all statistical specifications, adding the interactive term (i.e., the product of the two main independent variables) does not improve the model's fit.

Still, though the interactive term is not statistically significant, recent scholarship emphasizes that in the case of non-linear statistical models the computation of the partial effect of the interaction term does not provide enough information about the possible interaction effect. So, even if the interaction term is estimated to be statistically insignificant, there still remains a possibility that the joint effect of two independent variables is non-zero. Thus, since we use a non-linear estimator (ordered probit), we cannot definitively rule out a possibility of some interaction between the two main independent variables based on the statistical insignificance of the interaction term.

Figure 1 contains the plots of the effects of our two main independent variables with their interactive term also included in the model, as calculated using the *margins module* in Stata 12 (based on equation 15 in our manuscript). The plots show **the probability of various levels of human rights protection** for various combinations of the size of government revenues and reliance on taxes.

Since, when estimating non-linear models, the underlying computations imply some degree of interaction among all statistically significant independent variables, the use of probit "raises the complication that the interaction effect in the model (any model) is at least partly an artifact of the functional form chosen" (Greene 2010: 292). Technically, marginal effects of independent variables depend on the values of other independent variables, and "this dependence occurs whether the analyst's hypothesis is conditional or not - it is just part and parcel of deciding to use a nonlinear model" (Brambor, Clark and Golder 2006: 77).

A more intuitive but a less accurate diagnostics is obtained with an OLS model estimated with an interactive term. The CIRI index is additive with nine values (ranging from zero to eight), so the OLS model reasonably approximates the ordered probit and many previous studies of human rights have relied on OLS models. Figure 2 is an equivalent of Figure 1 for the OLS model with an interactive term, and it can be clearly seen there that there is no significant interactive effect.

References:

Thomas Brambor, William Roberts Clark, & Matt Golder. 2006. Understanding Interaction Models: Improving Empirical Analyses. Political Analysis 14: 63-82.

Greene, W. 2010. Testing hypotheses about interaction terms in nonlinear models. *Economics Letters*, *107*(2), 291-296.

Figure1 Relationship Between *Size of Government Revenues* and the Probability of Various Levels of Human Rights Protection (CIRI) for States with Different Degrees of *Reliance on Taxes*.

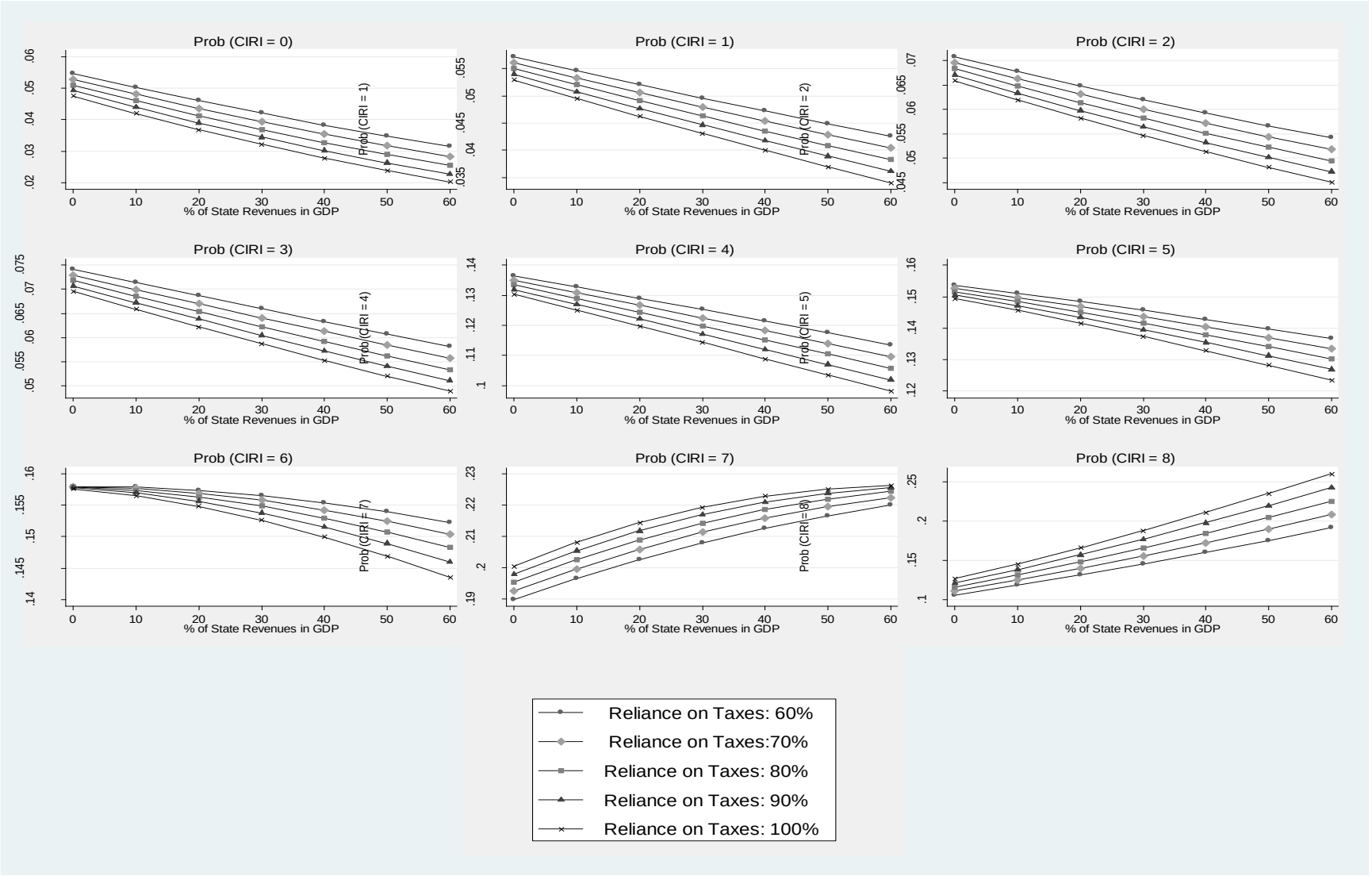

Figure2 Relationship Between *Size of Government Revenues* and the Predicted Level of Human Rights Protection (CIRI) for States with Different Degrees of *Reliance on Taxes*.