**Appendix**

**I. Time-Series Estimation Strategy**

Our estimation strategy employs an auto-regressive distributed lag (ADL) model, of which there are many varieties. Specifically, we use a “dead start” model, where the contemporaneous effect of rulings is assumed to be zero:

Yi,t  = *μ* Yi,t-1  + *β*0Xi,t-1 + *β*1Xi,t-2  + ε i,t

Subscripts *i* and *t* index countries and time periods, respectively. The commonly used lagged dependent variable model (LDV) assumes that *β*0 captures the short-run effect and *β*0/(1-*μ*) captures the long-run effect. Importantly, such a model assumes*β*1 = 0, which implies a geometric decay in the effect of X on Y. In contrast, the Prais-Winsten model assumes there is no long-run effect, which is equivalent to assuming that *β*1 = -*β*0 *µ* (Beck and Katz 2011: 335). The intuition is that the long-run effect is zero because the combined effect of rulings at t-1 and t-2 on intra-EU imports at time t is zero. That is, after its initial effect at time t-1, the ruling would have no further impact. The advantage of the ADL model is that, with sufficiently large *µ*, the data can adjudicate between the LDV and the Prais-Winsten model specifications through the sign and magnitude of *β*1 (Beck and Katz 2011: 340).

Our ADL specification with fixed effects for years and nations can cause bias in the coefficient estimates, commonly known as Nickell bias or Hurwicz bias (Beck and Katz 2011). This bias is typically larger for the coefficient on the lagged dependent variable than the other coefficients and for panels with short time-series (T<10) (Judson and Owen 1999). Judson and Owen (1999) recommend correcting for this bias with the Kiviet estimator (Kiviet 1995). Whether such a correction is necessary in our setting is questionable. Beck and Katz (2011: 342) show that with more than 20 time periods the extent of this bias is typically very small (particularly for the coefficients of interest here) and the Kiviet correction has little benefit. Nonetheless, we re-estimated our models with the Kiviet estimator (Kiviet 1995) to evaluate the magnitude of any such bias and found no substantively meaningful bias in the coefficients of interest (e.g., the lagged dependent variable or the lagged rulings).

**References**

Beck, Nathaniel and Jonathan Katz. 2011. “Modeling Dynamics in Time-Series-Cross-Section Political Economy Data.” *Annual Review of Political Science* 14: 331-52.

Judson, Katherine and Anne Owen. 1999. “Estimating Dynamic Panel Data Models: A Guide for Macroeconomists.” *Economics Letters* 65: 9-15.

Kiviet, Jan 1995. “On Bias, Inconsistency, and Efficiency of Various Estimators in Dynamic Panel Models.” *Journal of Econometrics* 68: 53-87.

**II. Supplemental figures**

**Figure 3. A comparison of referrals, decisions and outcomes on preliminary rulings**

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 **Figure 4. Trends in pro-Commission preliminary rulings by country**

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**Figure 5. Trends in pro-Commission infringement rulings by country**

 **Figure 6. The Impact of Pro-Commission Preliminary Rulings on German intra-EU Imports/GDP**

The Figure plots the predicted level of intra-EU imports/GDP for (West) Germany from 1970-1993 based on the coefficients in the first Prais-Winsten Model in Table 1.