

Table 1: Baseline estimate, SO2 emission reduction, policy mandate, individual sector Smelting ferrous Metals

	Dependent variable: SO2 emission					
	(1)	(2)	(3)	(4)	(5)	(6)
working capital <sub>cit</sub>	0.198 (0.189)					
current ratio <sub>cit</sub>		-0.013 (0.112)				
cash assets <sub>cit</sub>			0.005 (0.003)			
liabilities assets <sub>cit</sub>				0.620 (0.890)		
return on asset <sub>cit</sub>					0.004 (0.003)	
sales assets <sub>cit</sub>						-0.0002** (0.0001)
output <sub>cit</sub>	0.004 (0.007)	-0.008* (0.004)	-0.009 (0.006)	-0.009 (0.006)	-0.004 (0.004)	-0.010** (0.004)
employment <sub>cit</sub>	0.027** (0.012)	0.015* (0.009)	0.006 (0.018)	0.006 (0.017)	0.030** (0.012)	0.021*** (0.007)
capital <sub>cit</sub>	-0.024 (0.027)	0.009 (0.016)	-0.044 (0.033)	-0.026 (0.027)	-0.033 (0.025)	0.005 (0.028)
period × policy mandate <sub>c</sub>	-0.097 (0.403)	-3.165** (1.319)	-0.719 (1.192)	1.017 (1.826)	-0.686 (0.815)	-0.499 (0.345)
period × working capital <sub>cit</sub>	-0.049 (0.068)					
policy mandate <sub>c</sub> × working capital <sub>cit</sub>	-0.834 (0.512)					
period × policy mandate <sub>c</sub> × working capital <sub>cit</sub>	0.160 (0.114)					
period × current ratio <sub>cit</sub>		-0.031 (0.119)				
policy mandate <sub>c</sub> × current ratio <sub>cit</sub>		-2.245* (1.211)				
period × policy mandate <sub>c</sub> × current ratio <sub>cit</sub>		2.759** (1.375)				
period × cash assets <sub>cit</sub>			-0.127 (1.152)			
policy mandate <sub>c</sub> × cash assets <sub>cit</sub>			-2.949 (5.672)			
period × policy mandate <sub>c</sub> × cash assets <sub>cit</sub>			-4.332 (4.978)			
period × liabilities assets <sub>cit</sub>				-0.388 (0.777)		
policy mandate <sub>c</sub> × liabilities assets <sub>cit</sub>				-4.958 (4.070)		
period × policy mandate <sub>c</sub> × liabilities assets <sub>cit</sub>				-1.118 (2.672)		
period × return on asset <sub>cit</sub>					-0.014 (0.012)	
policy mandate <sub>c</sub> × return on asset <sub>cit</sub>					-0.049 (0.347)	
period × policy mandate <sub>c</sub> × return on asset <sub>cit</sub>					0.186 (0.383)	
period × sales assets <sub>cit</sub>						-0.002 (0.001)
policy mandate <sub>c</sub> × sales assets <sub>cit</sub>						0.001 (0.001)
period × policy mandate <sub>c</sub> × sales assets <sub>cit</sub>						0.004 (0.004)
City	Yes	Yes	Yes	Yes	Yes	Yes
Time	Yes	Yes	Yes	Yes	Yes	Yes
Observations	882	1,460	672	672	881	1,250
R <sup>2</sup>	0.878	0.817	0.908	0.909	0.878	0.849

This table estimates eq(3). Heteroskedasticity-robust standard errors clustered at the city level appear in parentheses. \* Significance at the 10%, \*\* Significance at the 5%, \*\*\* Significance at the 1%.