

Table 1: Baseline estimate, SO2 emission reduction, policy mandate, individual sector Machinery

	Dependent variable: SO2 emission					
	(1)	(2)	(3)	(4)	(5)	(6)
working capital _{cit}	0.199** (0.095)					
current ratio _{cit}		-0.088 (0.059)				
cash assets _{cit}			-1.306 (1.541)			
liabilities assets _{cit}				-0.429 (0.818)		
return on asset _{cit}					0.036 (0.053)	
sales assets _{cit}						0.00004** (0.00002)
output _{cit}	-0.041 (0.028)	-0.018 (0.014)	-0.025 (0.022)	-0.016 (0.021)	-0.027 (0.018)	-0.015 (0.013)
employment _{cit}	0.005 (0.011)	0.017*** (0.005)	0.011 (0.019)	0.007 (0.019)	0.010 (0.011)	0.018*** (0.005)
capital _{cit}	0.145* (0.078)	0.027 (0.073)	0.092 (0.086)	0.077 (0.084)	0.142 (0.086)	0.005 (0.068)
period × policy mandate _c	0.421 (0.438)	1.846 (1.239)	1.452 (3.056)	0.087 (2.623)	1.167 (0.800)	0.314 (0.407)
period × working capital _{cit}	-0.035 (0.042)					
policy mandate _c × working capital _{cit}	-0.114* (0.066)					
period × policy mandate _c × working capital _{cit}	0.022 (0.031)					
period × current ratio _{cit}		-0.104 (0.146)				
policy mandate _c × current ratio _{cit}		1.117 (0.810)				
period × policy mandate _c × current ratio _{cit}		-1.318 (1.023)				
period × cash assets _{cit}			1.856 (1.749)			
policy mandate _c × cash assets _{cit}			-0.625 (13.359)			
period × policy mandate _c × cash assets _{cit}			4.360 (11.751)			
period × liabilities assets _{cit}				-0.354 (0.793)		
policy mandate _c × liabilities assets _{cit}				12.618 (8.877)		
period × policy mandate _c × liabilities assets _{cit}				0.340 (4.039)		
period × return on asset _{cit}					0.042 (0.089)	
policy mandate _c × return on asset _{cit}					0.233 (0.670)	
period × policy mandate _c × return on asset _{cit}					-0.595 (0.497)	
period × sales assets _{cit}						0.0001 (0.001)
policy mandate _c × sales assets _{cit}						-0.001 (0.001)
period × policy mandate _c × sales assets _{cit}						-0.0001 (0.009)
City	Yes	Yes	Yes	Yes	Yes	Yes
Time	Yes	Yes	Yes	Yes	Yes	Yes
Observations	756	1,368	556	556	755	1,154
R ²	0.837	0.763	0.858	0.858	0.837	0.784

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%.