

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

	Dependent variable: SO2 emission					
	(1)	(2)	(3)	(4)	(5)	(6)
working capital _{cit}	-0.137 (0.092)					
current ratio _{cit}		-0.050 (0.098)				
cash assets _{cit}			-0.457 (1.267)			
liabilities assets _{cit}				0.252 (0.507)		
return on asset _{cit}					0.041 (0.035)	
sales assets _{cit}						0.0004 (0.0003)
output _{cit}	-0.014 (0.012)	-0.007 (0.007)	-0.037*** (0.013)	-0.034*** (0.013)	-0.019* (0.010)	-0.008 (0.008)
employment _{cit}	0.012** (0.006)	0.008** (0.004)	0.021** (0.010)	0.020* (0.011)	0.012** (0.005)	0.008** (0.004)
capital _{cit}	0.087* (0.048)	0.017 (0.032)	0.008 (0.046)	0.005 (0.046)	0.057 (0.045)	0.032 (0.032)
period × policy mandate _c	-0.194 (0.397)	-1.128 (0.700)	0.197 (1.328)	0.776 (1.843)	-0.133 (0.705)	-0.549 (0.339)
period × working capital _{cit}	0.038 (0.042)					
policy mandate _c × working capital _{cit}	0.002 (0.164)					
period × policy mandate _c × working capital _{cit}	-0.006 (0.078)					
period × current ratio _{cit}		0.181 (0.145)				
policy mandate _c × current ratio _{cit}		-0.537 (0.844)				
period × policy mandate _c × current ratio _{cit}		0.669 (0.666)				
period × cash assets _{cit}			-0.296 (1.178)			
policy mandate _c × cash assets _{cit}			-9.364 (10.450)			
period × policy mandate _c × cash assets _{cit}			-0.304 (6.700)			
period × liabilities assets _{cit}				-0.085 (0.533)		
policy mandate _c × liabilities assets _{cit}				1.784 (1.886)		
period × policy mandate _c × liabilities assets _{cit}				-0.797 (3.023)		
period × return on asset _{cit}					0.012 (0.038)	
policy mandate _c × return on asset _{cit}					-0.207 (0.365)	
period × policy mandate _c × return on asset _{cit}					0.070 (0.366)	
period × sales assets _{cit}						-0.0004 (0.0003)
policy mandate _c × sales assets _{cit}						-0.001 (0.001)
period × policy mandate _c × sales assets _{cit}						0.001 (0.001)
City	Yes	Yes	Yes	Yes	Yes	Yes
Time	Yes	Yes	Yes	Yes	Yes	Yes
Observations	960	1,669	711	711	959	1,426
R ²	0.894	0.859	0.906	0.905	0.894	0.869

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%.