

Table 1: Baseline estimate, SO2 emission reduction and industry financial ratio, city-industry level

	Dependent variable: SO2 emission						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
output_{cit}	0.004 (0.004)	0.006 (0.005)	0.007 (0.004)	0.006 (0.004)	0.006 (0.004)	0.007* (0.004)	0.007 (0.004)
employment_{cit}	0.018*** (0.004)	0.019*** (0.004)	0.018*** (0.004)	0.018*** (0.004)	0.018*** (0.004)	0.018*** (0.004)	0.018*** (0.004)
$\text{working capital}_{ci} \times \text{period}$	0.043 (0.073)						
$\text{working capital}_{ci} \times \text{period} \times \text{policy mandate}_c$	0.062 (0.057)						
$\text{asset tangibility}_{ci} \times \text{period} \times \text{policy mandate}_c$		0.093*** (0.026)					
$\text{asset tangibility}_{ci} \times \text{period}$		-0.122*** (0.034)					
$\text{current ratio}_{ci} \times \text{period} \times \text{policy mandate}_c$			0.006 (0.009)				
$\text{current ratio}_{ci} \times \text{period}$			0.0004 (0.001)				
$\text{cash assets}_{ci} \times \text{period} \times \text{policy mandate}_c$				-0.152 (0.420)			
$\text{cash assets}_{ci} \times \text{period}$				0.145 (0.141)			
$\text{liabilities assets}_{ci} \times \text{period} \times \text{policy mandate}_c$					0.171 (0.306)		
$\text{liabilities assets}_{ci} \times \text{period}$					-0.178** (0.084)		
$\text{return on asset}_{ci} \times \text{period} \times \text{policy mandate}_c$						-0.008 (0.007)	
$\text{return on asset}_{ci} \times \text{period}$						0.001 (0.001)	
$\text{sales assets}_{ci} \times \text{period}$							0.00000 (0.00004)
$\text{sales assets}_{ci} \times \text{period} \times \text{policy mandate}_c$							0.00003 (0.0001)
City-industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time-industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City-time	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	62,039	46,626	75,250	60,612	60,612	61,911	72,610
R ²	0.848	0.866	0.864	0.847	0.847	0.847	0.861

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%.