

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 <sub>cit</sub>	-0.010*** (0.003)	-0.010*** (0.004)	-0.010*** (0.003)	-0.010*** (0.003)	-0.010*** (0.003)	-0.010*** (0.003)	-0.010*** (0.003)
employment <sub>cit</sub>	0.010*** (0.002)	0.010*** (0.002)	0.010*** (0.002)	0.010*** (0.002)	0.010*** (0.002)	0.010*** (0.002)	0.010*** (0.002)
capital <sub>cit</sub>	0.035*** (0.013)	0.036** (0.014)	0.037*** (0.014)	0.037*** (0.014)	0.037*** (0.014)	0.037*** (0.014)	0.037*** (0.014)
sales assets <sub>ci</sub> × period							0.0001*** (0.00002)
working capital <sub>ci</sub> × period × policy mandate <sub>c</sub>	0.024 (0.020)						
working capital <sub>ci</sub> × period	-0.017 (0.027)						
asset tangibility <sub>ci</sub> × period × policy mandate <sub>c</sub>		-0.005 (0.009)					
asset tangibility <sub>ci</sub> × period		0.004 (0.013)					
current ratio <sub>ci</sub> × period × policy mandate <sub>c</sub>			0.142 (0.153)				
current ratio <sub>ci</sub> × period			-0.004 (0.004)				
cash assets <sub>ci</sub> × period × policy mandate <sub>c</sub>				-0.261 (1.248)			
cash assets <sub>ci</sub> × period				0.015*** (0.005)			
liabilities assets <sub>ci</sub> × period × policy mandate <sub>c</sub>					-0.437 (0.712)		
liabilities assets <sub>ci</sub> × period					-0.233* (0.134)		
return on asset <sub>ci</sub> × period						0.0002 (0.0004)	
return on asset <sub>ci</sub> × period × policy mandate <sub>c</sub>						0.002 (0.012)	
sales assets <sub>ci</sub> × period × policy mandate <sub>c</sub>							-0.0004*** (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	31,425	30,360	31,694	31,253	31,253	31,405	31,611
R <sup>2</sup>	0.863	0.864	0.864	0.863	0.863	0.863	0.864

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%.