

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

	Dependent variable: SO2 emission					
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(\text{output}_{cit} + 1)$	0.083 (0.055)	0.160*** (0.038)	0.094 (0.061)	0.099 (0.061)	0.094* (0.055)	0.136*** (0.041)
$\log(\text{capital}_{cit} + 1)$	0.090 (0.062)	0.141*** (0.053)	0.091 (0.079)	0.083 (0.079)	0.110* (0.062)	0.143*** (0.054)
$\log(\text{employment}_{cit} + 1)$	0.136** (0.056)	0.277*** (0.035)	0.145** (0.063)	0.140** (0.063)	0.140** (0.056)	0.253*** (0.039)
working capital _{cit}	0.078** (0.038)					
working capital _{cit} × period	−0.026 (0.017)					
working capital _{cit} × period × policy mandate _c	0.030** (0.012)					
working capital _{cit} × policy mandate _c	−0.060* (0.033)					
current ratio _{cit} × period		−0.013 (0.020)				
current ratio _{cit}		0.001 (0.001)				
current ratio _{cit} × period × policy mandate _c		0.081 (0.095)				
current ratio _{cit} × policy mandate _c		−0.040 (0.064)				
cash assets _{cit} × period			−0.386 (0.236)			
cash assets _{cit}			0.006 (0.006)			
cash assets _{cit} × period × policy mandate _c			1.481 (1.399)			
cash assets _{cit} × policy mandate _c			1.240 (1.835)			
liabilities assets _{cit} × period				−0.051 (0.152)		
liabilities assets _{cit}				−0.073 (0.139)		
liabilities assets _{cit} × period × policy mandate _c				−1.183 (0.954)		
liabilities assets _{cit} × policy mandate _c				0.691 (1.074)		
return on asset _{cit} × period					0.0004 (0.0003)	
return on asset _{cit}					0.00004 (0.0001)	
return on asset _{cit} × period × policy mandate _c					−0.004 (0.005)	
return on asset _{cit} × policy mandate _c					−0.001 (0.004)	
sales assets _{cit}						0.00001 (0.00001)
sales assets _{cit} × period						−0.00001 (0.00001)
sales assets _{cit} × policy mandate _c						−0.00001 (0.0001)
sales assets _{cit} × period × policy mandate _c						0.00002 (0.0001)
City-industry	Yes	Yes	Yes	Yes	Yes	Yes
Time-industry	Yes	Yes	Yes	Yes	Yes	Yes
City-time	Yes	Yes	Yes	Yes	Yes	Yes
Observations	18,292	31,652	13,702	13,702	18,238	26,775
R ²	0.906	0.866	0.926	0.926	0.906	0.878

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%.