

**Is the environment a victim of the economic downturn? Evidence
from China's manufacturing firms**

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ONLINE APPENDIX

Table A1. Impact of economic shock on firms' investment in polluting capital

Dependent variables	(1) <i>Ln(Δasset)</i>
<i>Post*Pollution</i>	0.067 (0.036)
Observations	86,490
R-squared	0.285
Control Var	YES
Firm FE	YES
Year FE	YES

Notes: Standard errors in parentheses are clustered at the city level. The regression results are based on data in the years 2006-2010, 2012 and 2013. Control variables include firm age, number of employees, and leverage ratio. The data in 2011 are excluded since the variable of employment is missing from the 2011 data. The results remain robust if we include the sample in 2011 and drop the variable of the employee in the regression analysis.

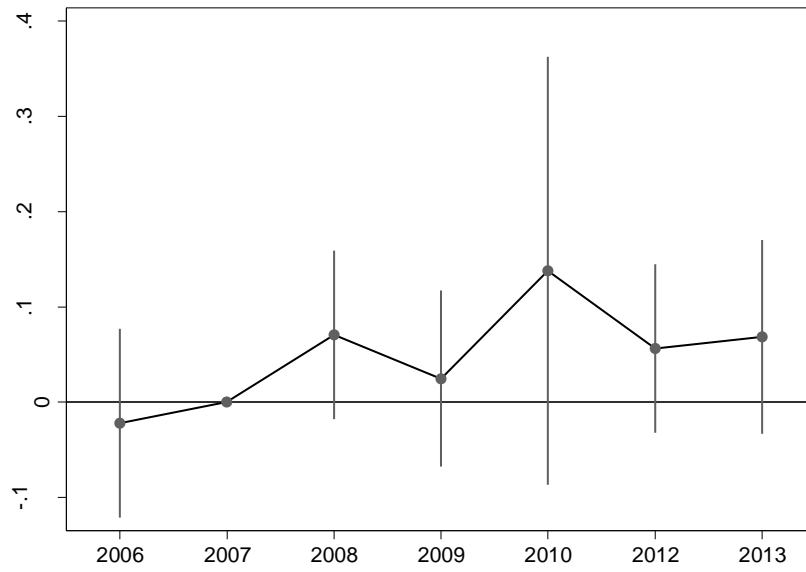


Figure A1. Estimates of differences in change of total assets pre-post financial crisis.

Notes: The figure shows the regression results of equation (6) with yearly change in the total assets (in the form of a natural log) as the dependent variable. We find an increase of total assets invested in firms in pollution-intensive industries during and after the economic downturn, relative to those in non-pollution-intensive industries, while before the financial crisis, we do not observe such a trend.