Online Appendix:

Punish One, Teach a Hundred: The Sobering Effect of Peer Punishment on the Unpunished

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Figure A.1: **Example of Announcement of Peer's Punishment by the CSRC**

This figure provides an example of a China Securities Regulatory Commission (CSRC) describing the punishment of a listed company due to wrongdoing related to the provision of loan guarantees to private related parties.

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湖南酒鬼酒股份有限公司（以下简称湘酒鬼）证券违法一案，日前已由我会调查完毕，并依法履行了事先告知程序，举行了听证会，听取了当事人的陈述申辩。

经查明，湘酒鬼存在如下违法行为：1999年11月至2000年8月，湘酒鬼未经股东大会、董事会审议，累计为控股股东湖南湘泉集团有限公司（以下简称湘泉集团）提供了总金额为5082万元的贷款担保。对此贷款担保事项,湘酒鬼未按有关规定进行披露,直到2003年4月方在2002年年度报告中作披露，且所披露信息不完整。对此直接责任人员有原董事兼董事会秘书曹宏杰，在审议通过公司2002年年度报告决议上签字表示同意的董事彭善文、宋清宏、向选华、付光明、曹宏杰、杨波也负有一定的责任。

2002年11月27日湘酒鬼向银行出具继续履行担保责任承诺书,为湘泉集团2002年到期的两笔贷款1800万元再次提供担保,湘酒鬼未按规定及时准确披露上述事项。原代董事长、现任董事樊耀传代公司签定了上述协议，是对上述违法行为负有直接责任的主管人员。

2003年6月13日，在未经股东大会、董事会决议通过的情况下，湘酒鬼与中国工商银行湖南分行（以下简称工行）、湘西土家族苗族自治州人民政府、湖南湘泉大酒店有限公司（以下简称湘泉酒店）、湘泉集团签订《债权落实协议》（工行债协[2003]001号），约定湘酒鬼承接湘泉集团所欠工行贷款本金5082万元,在贷款到期前,由工行与湘酒鬼另行签订《借款合同》及其担保合同;由湘西自治州经济建设投资公司承担省盐业公司担保的5000万元贷款,由深圳利新源科技发展有限公司（湘酒鬼控股子公司）担保；湘酒鬼承诺对湘泉酒店承接湘泉集团所欠工行贷款本金16000万元提供保证等。湘酒鬼未按有关规定对上述协议进行披露。对此，签订该协议的湘酒鬼代表、董事长兼总经理刘虹是负有直接责任的主管人员，其他直接责任人员有湘酒鬼董事兼湘泉集团董事长杨波、现任董事兼财务总监杨建军、现任董事付光明。

证明上述事实的主要证据有：公司公开披露的有关文件、财会资料凭证、相关合同协议文本、公司提供的有关情况说明、当事人谈话笔录等证据证明，证据确实、充分，足以认定。

本会认为，湘酒鬼上述行为违反了《中华人民共和国证券法》（以下简称《证券法》）第五十九条“公司公告的股票或者公司债券的发行和上市文件，必须真实、准确、完整，不得有虚假记载、误导性陈述或者重大遗漏”的规定、第六十一条“股票或者公司债券上市交易的公司，应当在每一会计年度结束之日起四个月内，向国务院证券监督管理机构和证券交易所提交记载以下内容的年度报告，并予公告”中第（五）项“国务院证券监督管理机构规定的其他事项”的规定、我会《公开发行证券公司信息披露的内容与格式准则第二号〈年度报告的内容与格式〉》（1999年、2001年和2002年修订稿）关于关联交易披露的规定、《证券法》第六十二条“发生可能对上市公司股票交易价格产生较大影响、而投资者尚未得知的重大事件时，上市公司应当立即将有关该重大事件的情况向国务院证券监督管理机构和证券交易所提交临时报告，并予公告，说明事件的实质”中第（三）项“公司订立重要合同，而该合同可能对公司的资产、负债、权益和经营成果产生重要影响”的规定，构成了《证券法》第一百七十七条所述“依照本法规定，经核准上市交易的证券，其发行人未按照有关规定披露信息，或者所披露的信息有虚假记载、误导性陈述或者有重大遗漏的”行为。

根据湘酒鬼违法行为性质、情节，以及责任人员责任大小，依据《证券法》第一百七十七条的规定，经研究决定，对湘酒鬼处以40万元罚款，对刘虹给予警告、并处5万元罚款，对樊耀传给予警告、并处3万元罚款，对曹宏杰、杨波、杨建军、付光明、彭善文、宋清宏、向选华分别给予警告。

当事人应自收到本处罚决定书之日起15日内，将罚款汇交中国证券监督管理委员会（开户银行：中信实业银行总行营业部、账号7111010189800000162，由该行直接上缴国库），并将付款凭证的复印件送中国证券监督管理委员会法律部审理执行处备案。如对本处罚决定不服，可在收到本处罚决定之日起60日内向中国证券监督管理委员会提出行政复议；也可以在收到本处罚决定之日起3个月内直接向有管辖权的人民法院提起诉讼。复议和诉讼期间，上述决定不停止执行。

中国证券监督管理委员会

二〇〇四年七月二十七日

Figure A.2: **Parallel-Trends Assumption: Positive Loan Guarantees**

This figure plots the estimates of β_t and 90% confidence intervals the following linear equation

$$Positive\ Loan\ Guarantees_{c,i,p,t} = \alpha + \sum_{\tau} \beta_{\tau} SOE_{c,i,p,t} \times Year_{\tau}$$
$$+\gamma_1 SOE_{c,i,p,t} + \sum_{\tau} \gamma_{2,\tau} Year_{\tau} + X'\delta + \eta_{c,i} + \eta_{c,p,t} + \epsilon_{c,i,p,t},$$

where $Positive\ Loan\ Guarantees_{c,i,p,t}$ is a dummy variable that equals 1 if the amount of loan guarantees extended by firm i of cohort c in prefecture p in year t to any private parent or subsidiary is positive, and 0 otherwise. $\sum_{\tau} \beta_{\tau} SOE_{c,i,p,t} \times Year_{\tau}$ is a set of interactions of a dummy variable for whether firm i of cohort c is an SOE and year dummies for all the τ event years before and after the first punishment of a listed SOE in prefecture p, after partialling out firm characteristics (X), cohort-by-firm fixed effects ($\eta_{c,i}$), and cohort-by-prefecture-by-year fixed effects ($\eta_{c,p,t}$). The excluded period is event year τ=-1. We cluster standard errors at the level of the prefecture (p).

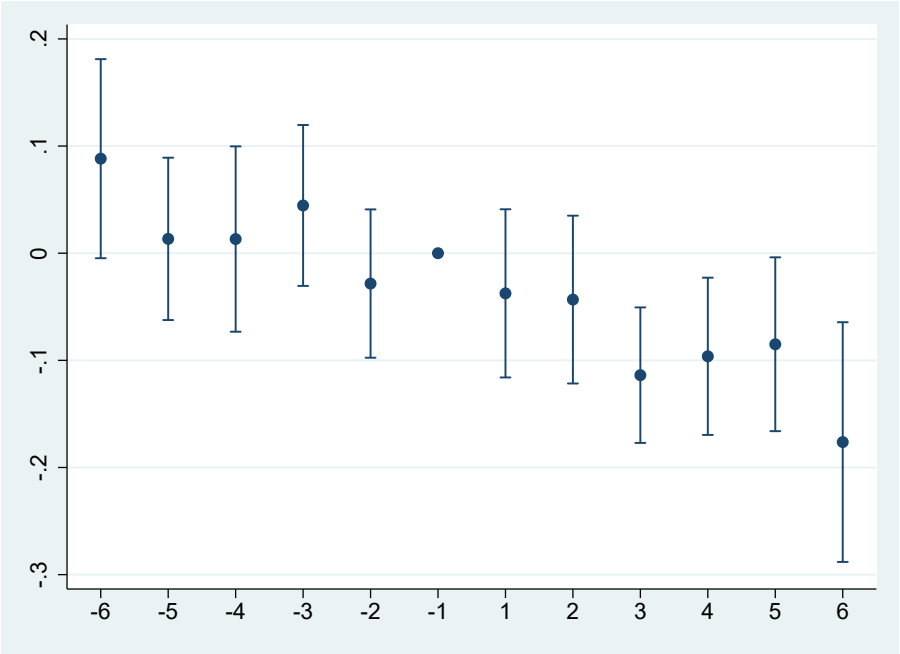


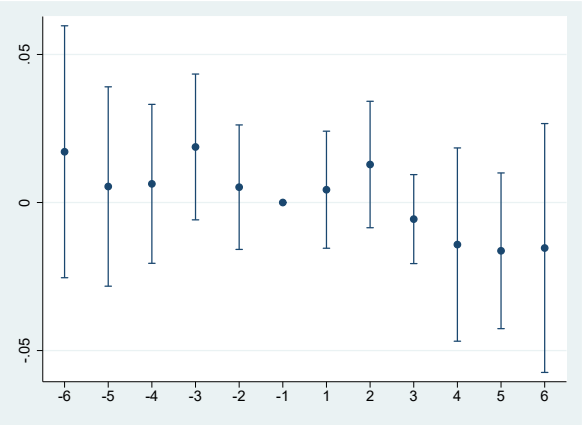
Figure A.3: **Parallel-Trends Assumption: Industry Peers**

This figure plots the estimates of β_t and 90% confidence intervals from the following linear equation:

$$Loan\ Guarantees_{c,i,j,t} = \alpha + \sum_{\tau} \beta_\tau SOE_{c,i,j,t} \times Year_\tau$$
$$+\gamma_1 SOE_{c,i,j,t} + \sum_{\tau} \gamma_{2,\tau} Year_\tau + X'\delta + \eta_{c,i} + \eta_{c,j,t} + \epsilon_{c,i,j,t},$$

where $Loan\ Guarantees_{c,i,j,t}$ is the amount of loan guarantees extended by firm i of cohort c in industry j in year t to any private parent or subsidiary scaled by the previous end-of-fiscal-year assets (Provided Guarantees/Assets); Provided Guarantees/Assets > 10% is a dummy variable that equals 1 if Provided Guarantees/Assets exceeds 10%, and 0 otherwise. $\sum_\tau \beta_\tau SOE_{c,j,p,t} \times Year_\tau$ is a set of interactions of a dummy variable for whether firm i is a SOE and year dummies for all the τ event years before the first punishment of a listed SOE in industry j, after partialling out firm characteristics (X), cohort-by-firm fixed effects ($\eta_{c,i}$), and cohort-by-industry-year fixed effects ($\eta_{c,j,t}$). The excluded period is event year 0, in which the first punishment of an SOE operating in an industry occurs. To define industry, we use China SEC's industry classification of listed firms (2001 version). The excluded period is event year τ=-1. We cluster standard errors at the level of the prefecture (p).

Panel A: Provided Guarantees/Assets



Panel B: Provided Guarantees/Assets > 10%

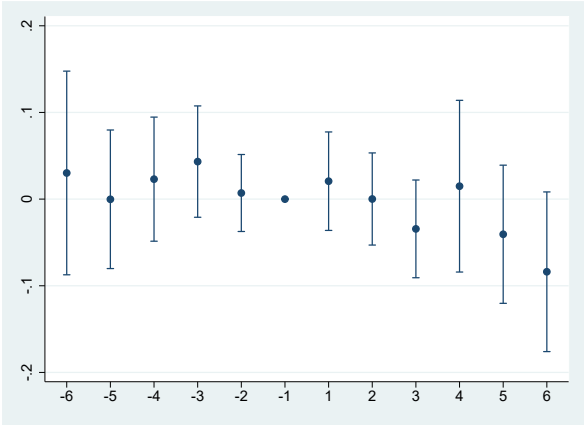


Table A.1: **Correlates of Punishment Events at the Prefecture-Year Level**

This table reports estimates of δ from the following linear equation:

$$Punishment\ Prefecture\ Year_{p,t} = \alpha + X'_{p,t}\delta + \eta_p + \eta_t + \epsilon_{p,t},$$

where Punishment Prefecture Year$_{p,t}$ is a dummy variable that equals 1 if a punishment of listed SOEs for fraudulent loan guarantees provided to related parties occurs in prefecture p and year t, and 0 otherwise. The vector of potential determinants of punishment events (X) includes the following variables at the prefecture-year level: the logarithm of GDP, the logarithm of GDP per capita, the employment rate, the share of GDP in heavy manufacturing, the share of GDP in light manufacturing, the GDP growth rate, fiscal revenue minus expenditure scaled by local GDP, investment in real estate scaled by local GDP, the logarithm of the number of public firms operating in the prefecture-year, and the share of SOEs as a percentage of all firms in the prefecture. ηp and η_t represent full sets of prefecture and year fixed effects, respectively. We cluster standard errors at the level of the prefecture (p).

	Outcome Variable: Dummy=1 if Punishment Happens in a City and Year										
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Log(GDP)	-0.004										0.016
	(-0.78)										(0.42)
Log(GDP per capita)		0.001									−0.004
		(0.14)									(−0.10)
Employment Rate			−0.001								0.002
			(−0.03)								(0.04)
GDP% in Heavy Manufacturing				0.017							−0.007
				(0.41)							(−0.09)
GDP% in Light Manufacturing					−0.024						−0.042
					(−0.64)						(−0.63)
GDP Growth						−0.000					−0.000
						(−0.96)					(−0.58)
Budget Balance							−0.000				−0.000
							(−0.02)				(−0.27)
Real Estate								0.001			0.010
								(0.50)			(0.72)
Log (Number of Public Firms)									0.001		−0.007
									(0.17)		(−0.81)
SOE as a Percentage of Total # Firms										0.001	−0.002
										(0.24)	(−0.26)
Constant	0.046	0.014	0.021***	0.018***	0.032*	0.023***	0.020***	0.019***	0.018*	0.019***	−0.008
	(1.37)	(0.32)	(4.96)	(3.03)	(1.78)	(7.43)	(280.66)	(84.27)	(1.70)	(7.97)	(−0.04)
Year FE	X	X	X	X	X	X	X	X	X	X	X
Prefecture FE	X	X	X	X	X	X	X	X	X	X	X
Observations	4,860	4,449	4,237	4,191	4,191	4,354	4,842	4,418	4,880	4,880	3,071
Adjusted R^2	0.029	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02

t-statistics in parentheses

$*p < 0.10, **p < 0.05, ***p < 0.01$

Table A.2: **Do Punishments Cluster within Locations over Time?**

This table reports estimates of β from the following linear equation:

$$\textit{First Punishment Prefecture}_{p,t} = \alpha + \sum_{t-n} \beta \textit{First Punishment Prefecture}_{p,t-n} + X'_{p,t}\delta + \eta_p + \eta_t + \epsilon_{p,t},$$

where First Punishment Prefecture$_{p,t-n}$ is a dummy variable that equals 1 if prefecture p had its first punishment of listed SOEs for fraudulent loan guarantees provided to related parties in year $t-n$; First Punishment Prefecture$_{p,t}$ is a dummy variable that equals 1 if the same prefecture p had at least one punishment of a local listed SOE firm due to fraudulent loan guarantees provided to related parties in year t. The vector of potential determinants of punishment events (X) includes the following variables at the prefecture-year level: the logarithm of GDP, the logarithm of GDP per capita, the employment rate, the share of GDP in heavy manufacturing, the share of GDP in light manufacturing, the GDP growth rate, fiscal revenue minus expenditure scaled by local GDP, investment in real estate scaled by local GDP, the logarithm of the number of public firms operating in the prefecture-year, and the share of SOEs as a percentage of all firms in the prefecture. η_p and η_t represent full sets of prefecture and year fixed effects, respectively. We cluster standard errors at the level of the prefecture (p).

	Punishment in Year t					
	(1)	(2)	(3)	(4)	(5)	(6)
First Punishment in Prefecture (Year t-1)	−0.000					0.011
	(−0.02)					(0.51)
First Punishment in Prefecture (Year t-2)		−0.027				−0.032
		(−1.17)				(−1.21)
First Punishment in Prefecture (Year t-3)			0.028			0.047
			(0.78)			(1.10)
First Punishment in Prefecture (Year t-4)				-0.031***		−0.035***
				(-3.11)		(−3.00)
First Punishment in Prefecture (Year t-5)					0.065	0.071*
					(1.62)	(1.77)
Constant	−0.030	−0.070	−0.041	-0.040	0.143	0.075
	(−0.14)	(−0.35)	(−0.21)	(-0.19)	(1.05)	(0.45)
Prefecture-level Controls	X	X	X	X	X	X
Year FE	X	X	X	X	X	X
Prefecture FE	X	X	X	X	X	X
Observations	2,937	2,940	2,916	2,895	2,910	2,432
Adjusted R^2	0.02	0.03	0.02	0.02	0.04	0.05

t-statistics in parentheses
$*p < 0.10, **p < 0.05, ***p < 0.01$

Table A.3: **Determinants of Firm-Level Loan Guarantees Provisions**

This table reports estimates of δ from the following logistic regression equation:

$$Loan\ Guarantees_{i,p,t} = \alpha + X'_{i,p,t}\delta + \eta_p + \epsilon_{i,p,t},$$

where Loan Guarantees$_{i,p,t}$ is a dummy variable that equals 1 if the amount of loan guarantees extended by firm i in prefecture p in year t to any related party is positive, and 0 otherwise; Normal Credit$_{i,p,t}$ is a dummy variable that equals 1 if the amount of normal trade credit (sum of accounts receivable, notes receivable, and account prepaid) extended by firm i in prefecture p in year t to any related party is positive, and 0 otherwise; Other Credit$_{i,p,t}$ is a dummy variable that equals 1 if the amount of the outstanding balance of "other receivable" claimed by firm i in prefecture p in year t to any related party is positive, and 0 otherwise. The vector of potential determinants of punishment events (X) includes the following variables at either firm- or prefecture-year level: SOE, Ln(Assets), Long-Term Debt, Cash, Tobin Q, ST, the logarithm of GDP, the logarithm of GDP per capita, the employment rate, the share of GDP in heavy manufacturing, the share of GDP in light manufacturing, the GDP growth rate, fiscal revenue minus expenditure scaled by local GDP, investment in real estate scaled by local GDP, the logarithm of the number of public firms operating in the prefecture-year, and the share of SOEs as a percentage of all firms in the prefecture. η_p and η_t represent full sets of prefecture and year fixed effects, respectively. We cluster standard errors at the level of the prefecture (p).

	Guarantees	Normal Credit	Other Credit
	(1)	(2)	(3)
SOE	−0.300***	0.470***	0.220**
	(−3.23)	(5.50)	(2.31)
Ln(Assets)	0.313***	0.544***	0.419***
	(6.02)	(8.84)	(9.15)
Long-term Debt	1.553***	−1.931***	−0.806*
	(2.93)	(−3.82)	(−1.75)
Cash	−2.661***	−1.549***	−1.897***
	(−12.62)	(−5.32)	(−9.90)
Tobin Q	−0.077***	0.118***	0.087***
	(−2.84)	(4.04)	(3.50)
ST	−0.290*	0.190	0.733***
	(−1.85)	(1.58)	(5.27)
Log(GDP)	0.725	−0.287	−0.312
	(1.59)	(−0.88)	(−1.00)
Log(GDP per capita)	0.296	0.489	−0.037
	(0.65)	(1.29)	(−0.10)
Employment Rate	−0.536	0.227	−0.023
	(−1.57)	(0.76)	(−0.07)
GDP% in Heavy Manufacturing	2.355	3.850	−0.743
	(0.64)	(1.11)	(−0.23)
GDP% in Light Manufacturing	−0.351	−1.124	−1.729*
	(−0.38)	(−1.05)	(−1.74)
GDP Growth	−0.005**	0.004*	−0.001
	(−2.21)	(1.95)	(−0.30)
Budget Balance	−4.550***	2.203	2.110
	(−2.76)	(1.25)	(1.07)
Real Estate	−1.308*	−0.890	−0.609
	(−1.73)	(−1.18)	(−0.72)
Loan/Deposit	0.123	0.423	0.804*
	(0.29)	(0.93)	(1.89)
Log (Number of Public Firms)	−0.101	−0.609***	−0.667***
	(−0.53)	(−3.41)	(−3.89)
SOE as a Percentage of Total # Firms	−0.081	−0.023	−0.127
	(−0.32)	(−0.10)	(−0.55)
Constant	−27.091***	−0.313	−5.728*
	(−7.52)	(−0.09)	(−1.90)
Prefecture FE	X	X	X
Observations	12,435	12,232	12,482
Pseudo R^2	0.15	0.11	0.11

t-statistics in parentheses
$*p < 0.10, **p < 0.05, ***p < 0.01$

Table A.4: **Loan Guarantees to Related Parties after Peer's Punishment: Intensive Margin**

This table reports estimates of β from the following linear equation:

$$\begin{aligned} \textit{Positive Loan Guarantees}_{c,i,p,t} = \alpha + \beta SOE_{c,i,p,t} \times \textit{After Peer Punishment}_{c,p,t} + \gamma_1 SOE_{c,i,p,t} \\ + \gamma_2 \textit{After Peer Punishment}_{c,p,t} + X'\delta + \eta_{c,i} + \eta_{c,p,t} + \epsilon_{c,i,p,t}, \end{aligned}$$

where Positive Loan Guarantees$_{c,i,p,t}$ is a dummy variable that equals 1 if the amount of loan guarantees extended by firm i of cohort c in prefecture p in year t to any related party is positive, and 0 otherwise. We also propose specifications subject to less restrictive sets of fixed effects. The F-test (p value) for testing the null hypothesis $\beta + \gamma_2 = 0$ is reported. We exclude all firms that experienced punishment for fraudulent loan guarantees throughout the sample period. We cluster standard errors at the level of the prefecture (p).

	(1)	(2)	(3)
After Peer Punishment × SOE	−0.042	−0.053 ∗ ∗	−0.097 ∗ ∗∗
	(−1.61)	(−2.26)	(−3.67)
After Peer Punishment	−0.001	0.009	
	(−0.06)	(0.49)	
SOE	−0.018	0.010	0.019
	(−1.09)	(0.65)	(1.10)
Ln(Assets)	0.046 ∗ ∗∗	0.100 ∗ ∗∗	0.110 ∗ ∗∗
	(3.78)	(8.49)	(7.91)
Long-term Debt	0.390 ∗ ∗∗	0.166 ∗ ∗	0.128
	(3.79)	(2.17)	(1.45)
Cash	−0.403 ∗ ∗∗	−0.288 ∗ ∗∗	−0.326 ∗ ∗∗
	(−7.49)	(−6.17)	(−5.90)
Tobin Q	−0.027 ∗ ∗∗	−0.015 ∗ ∗∗	−0.008
	(−3.42)	(−2.67)	(−1.23)
ST	−0.056 ∗ ∗	−0.034	−0.037
	(−2.46)	(−1.64)	(−1.49)
Constant	−0.490∗	−1.694 ∗ ∗∗	−1.922 ∗ ∗∗
	(−1.79)	(−6.53)	(−6.29)
Cohort × Year FE	X	X	
Cohort × Prefecture FE	X		
Cohort × Firm FE		X	X
Cohort × Prefecture-Year FE			X
Observations	103,988	103,988	103,988
Adjusted R^2	0.24	0.47	0.44
F-test (p value) β+γ_2=0	0.07	0.06	

t-statistics in parentheses

$*p < 0.10, * * p < 0.05, * * *p < 0.01$

Table A.5: **Loan Guarantees to Related Parties after Peer's Punishment – Heterogeneous Regulators**

This table reports estimates of β from the following linear equation:

$$\begin{aligned} \textit{Loan Guarantees}_{c,i,p,t} = \alpha + \beta_1 SOE_{c,i,p,t} \times \textit{After Peer Punishment (Same SE)}_{c,p,t} + \beta_2 SOE_{c,i,p,t} \times \textit{After Peer Punishment(Dif SE)}_{c,p,t} \\ + \beta_3 SOE_{c,i,p,t} \times \textit{After Peer Punishment(SEC)}_{c,p,t} + \gamma_1 \textit{After Peer Punishment (Same SE)}_{c,p,t} \times + \gamma_2 \textit{After Peer Punishment (Dif SE)}_{c,p,t} \\ + \gamma_3 \textit{After Peer Punishment (SEC)}_{c,p,t} + \gamma_4 SOE_{c,i,p,t} + X'\delta + \eta_{c,i} + \eta_{c,p,t} + \epsilon_{c,i,p,t}, \end{aligned}$$

where After Peer Punishment (Same SE)$_{c,p,t}$ is a dummy variable that equals 1 if prefecture p of cohort c has faced at least one punishment by the same home stock exchange of a locally headquartered SOE as of year t, and 0 otherwise; After Peer Punishment (Dif SE)$_{c,p,t}$ is a dummy variable that equals 1 if prefecture p of cohort c has faced at least one punishment by a different stock exchange of a locally headquartered SOE as of year t, and 0 otherwise; After Peer Punishment (CSRC)$_{c,p,t}$ is a dummy variable that equals 1 if prefecture p of cohort c has faced at least one punishment by China's SEC of a locally headquartered SOE as of year t, and 0 otherwise. F-test (p value) for testing the null hypotheses $\beta_1 = \beta_2$, $\beta_1 = \beta_3$, and $\beta_2 = \beta_3$ are reported. See Table 3 for definitions of other variables. We also propose specifications subject to less restrictive sets of fixed effects. We cluster standard errors at the level of the prefecture (p).

	(1)	(2)	(3)	(4)	(5)	(6)
	Provided Guarantees/ Assets			Provided Guarantees/Assets > 10%		
After Peer Punishment (Same SE) × SOE	0.003	−0.003	−0.020*	−0.032	−0.043	−0.104**
	(0.31)	(−0.29)	(−1.83)	(−1.17)	(−1.24)	(−3.45)
After Peer Punishment (Dif SE) × SOE	−0.012	−0.033**	−0.047**	−0.066	−0.130**	−0.179**
	(−0.70)	(−2.69)	(−2.89)	(−1.39)	(−3.01)	(−3.11)
After Peer Punishment (CSRC) × SOE	−0.041**	−0.039***	−0.049***	−0.068	−0.070*	−0.093*
	(−2.00)	(−3.20)	(−3.10)	(−1.31)	(−1.80)	(−1.96)
Controls Table 3	X	X	X	X	X	X
Cohort × Firm FE		X	X		X	X
Cohort × Year FE	X	X		X	X	
Cohort × Prefecture FE	X			X		
Cohort × Prefecture-Year FE			X			X
Observations	103,988	103,988	103,988	103,988	103,988	103,988
Adjusted R^2	0.18	0.45	0.41	0.18	0.43	0.37
F-test (p value) β_1=β_2	0.36	0.03	0.04	0.52	0.16	0.24
F-test (p value) β_1=β_3	0.04	0.01	0.10	0.52	0.59	0.85
F-test (p value) β_2=β_3	0.25	0.71	0.95	0.98	0.30	0.24

t-statistics in parentheses
$*p < 0.10, **p < 0.05, ***p < 0.01$

Table A.6: **Trade Credit to Related Parties after Peer's Punishment**

This table reports estimates of β from the following stacked DiD regression model:

$$\begin{aligned} \textit{Trade Credit/Assets}_{c,i,p,t} = \alpha + \beta \textit{SOE}_{c,i,p,t} \times \textit{After Peer Punishment}_{c,p,t} + \gamma_1 \textit{SOE}_{c,i,p,t} \\ + \gamma_2 \textit{After Peer Punishment}_{c,p,t} + X'\delta + \eta_{c,i} + \eta_{c,p,t} + \epsilon_{c,i,p,t}, \end{aligned}$$

where Normal Credit/Assets$_{c,i,p,t}$ is the amount of normal receivables (sum of accounts receivable, notes receivable, and account prepaid) claimed by public firm i of cohort c in prefecture p in year t to their related parties, scaled by the previous end-of-fiscal-year assets; Other Credit/Assets$_{c,i,p,t}$ is the amount of the outstanding balance of "other receivable" claimed by firm i of cohort c in prefecture p in year t to any private parent or subsidiary scaled by the previous end-of-fiscal-year assets. See Table 3 for definitions of other variables. We also propose specifications subject to less restrictive sets of fixed effects. The F-test (p value) for testing the null hypothesis $\beta + \gamma_2 = 0$ is reported. We exclude firms in prefectures that experienced no punishment of a locally headquartered SOE throughout the sample period. We cluster standard errors at the level of the prefecture (p).

	Normal Credit/Assets			Other Credit/Assets		
	(1)	(2)	(3)	(4)	(5)	(6)
After Peer Punishment × SOE	−0.003	−0.002	0.001	−0.002	−0.003	−0.002
	(−0.72)	(−0.59)	(0.21)	(−0.53)	(−1.32)	(−0.74)
After Peer Punishment	0.004	0.001		0.001	0.000	
	(1.37)	(0.40)		(0.44)	(0.08)	
SOE	0.004	0.005*	0.004	−0.002	0.002	0.002
	(1.12)	(1.78)	(1.29)	(−0.97)	(1.29)	(0.83)
Ln(Assets)	0.001	−0.004*	−0.007***	−0.001**	0.000	−0.002*
	(0.69)	(−1.92)	(−2.91)	(−2.09)	(0.13)	(−1.68)
Long-term Debt	−0.046***	−0.048***	−0.049***	−0.009	−0.029***	−0.028***
	(−4.95)	(−4.62)	(−4.32)	(−1.55)	(−3.83)	(−3.30)
Cash	−0.054***	−0.036***	−0.027***	−0.031***	−0.026***	−0.023***
	(−7.49)	(−5.11)	(−3.68)	(−8.46)	(−6.62)	(−5.65)
Tobin Q	0.004***	0.002**	0.002	0.001	0.001	0.000
	(2.94)	(2.12)	(1.59)	(1.39)	(0.88)	(0.08)
ST	0.020***	−0.001	−0.003	0.012***	−0.000	−0.001
	(3.45)	(−0.29)	(−0.65)	(4.15)	(−0.11)	(−0.44)
Constant	0.014	0.120***	0.189***	0.043***	0.013	0.071**
	(0.56)	(2.60)	(3.49)	(3.54)	(0.48)	(2.26)
Cohort × Year FE	X	X		X	X	
Cohort × Prefecture FE	X			X		
Cohort × Firm FE		X	X		X	X
Cohort × Prefecture-Year FE			X			X
Observations	103,988	103,988	103,988	103,988	103,988	103,988
Adjusted R^2	0.19	0.41	0.42	0.18	0.36	0.35
F-test (p value) β+γ_2=0	0.92	0.82		0.80	0.27	

t-statistics in parentheses

$*p < 0.10, **p < 0.05, ***p < 0.01$