Research on The Influence of Industrial Policy on Corporate Debt Financing Behavior

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Abstract. This paper explores the role of industrial policy, a key economic tool for governments to allocate social resources, in the context of China's economic transformation. This study examines the influence of industrial policy on corporate debt financing in the context of China's unique central-local government system, focusing on the period from 2001 to 2018 with data from Shanghai and Shenzhen A-share listed companies. At the same time, using similar national systems as supplementary evidence for the argument. Industrial policy, as a significant economic tool for governments to allocate resources, plays a pivotal role in economic development strategies. The study explores how these policies, especially in their variations at the central and local government levels, impact corporate debt financing. It finds that both central and local government industrial policies significantly influence corporate debt structures, with supported companies exhibiting higher total debt ratios and lower financing costs. The paper also delves into the dynamics of policy coordination and the effects of discrepancies between central and local policies on corporate financing. In instances of high policy coherence, supported companies benefit from better financing conditions. Conversely, policy discrepancies introduce uncertainties, affecting corporate financing strategies. The study contributes to understanding government interventions in emerging capital markets and highlights the temporal effects of industrial policies on corporate behaviors, emphasizing the need for harmonized policymaking to foster a conducive environment for corporate growth.

Keywords. Industrial Policy; Corporate Debt Financing; Central-Local Government System; Policy Coordination; Financing Conditions; Policy Discrepancies; Economic Development Strategy; Government Intervention.

1 Theoretical Foundation

1.1 The Influence of Central Industrial Policy on Corporate Debt Financing

The Resource Guidance Effect Triggered by Industrial Policy. Based on the theory of government intervention, when supporting a certain industry, the government often adopts economic measures such as credit policies and fiscal subsidies, as well as administrative measures like land planning and financial industry window guidance, to advance the implementation of industrial policy. These measures will guide credit funds towards enterprises supported by industrial policies, providing them with a favorable financing environment. In countries with similar systems, the central government stimulates the macroeconomy through public investment to achieve economic stability. Local governments

implemented most of the public investment, but its impact on economic cycles was not significant. [1] In contrast, the investment by the central government significantly stimulated economic cycles. Therefore, this paper posits that the resource guidance effect of industrial policy can help enterprises supported by such policies to obtain more credit resources, leading to the following research hypothesis:

H1: Compared to enterprises that are not supported by central industrial policy, those that are supported tend to have a higher overall debt ratio and lower financing costs.

1.2 The Influence of Local Industrial Policies on Corporate Debt Financing

The signal transmission effect induced by industrial policies. According to policy signal theory, local governments convey signals to enterprises through the formulation and adjustment of industrial policies, affecting corporate financing decisions. If an industrial policy favors a particular industry or type of enterprise. Consequently, the local government's attitude towards specific industries will impact the financial decisions of local enterprises. Chen et al. [2] proposed that government intervention in the market affects the choice of corporate financing methods. Generally, the stronger the government intervention, the more likely enterprises are to opt for debt financing. Lam, Waikei et al. [3] Found that the stronger the government intervention, the larger the scale of debt financing for state-owned enterprises. Regional carbon efficiency by improving corporate debt financing capacity and promoting long-term investment, has reduced corporate cash holdings. This alleviates corporate financing constraints and encourages long-term investment. Data on short-term implicit debt of local governments from financing platforms (lgfv) in 31 provinces and a-share listed companies in China's Shanghai and Shenzhen stock markets shows that local government behavior affects corporate fiscal policy, thereby distorting corporate innovation.

Therefore, this paper posits that policy support from local governments can help enterprises supported by industrial policies to obtain better-quality credit resources. Hence, the following research hypothesis is proposed:

H2: Compared to enterprises that are not supported by local industrial policies, those supported by such policies tend to have a higher overall debt ratio and lower financing costs.

1.3 The Impact of Local Government Emphasis on Corporate Debt Financing When Local Policies Are Coordinated with Central Policies

The degree of alignment between central government policies and local government policies is referred to as the degree of synergy. When both central and local government policies can promote industrial development of enterprises, the synergy will further affect the supportiveness of the policy towards enterprises. It is generally believed that higher synergy leads to higher overall corporate debt ratios and lower financing costs. The econometric model generally passed the test, showing a significant positive correlation between the synergy of central and local policies and industry innovation performance and industry size. This indicates that the synergy of central and local policies positively influences the development of the fuel cell vehicle industry. For instance, despite the overall economy of the United States being close to full employment, some regions face severe economic recessions and struggle to achieve full employment. Many areas lack employment opportunities, leading state governments to implement policies to promote job creation. Meanwhile, the decrease in

communication and transportation costs brings more advantages to local economic development. The federal government, facing numerous issues, is unable to fully secure sufficient funds and time to address the problems of healthcare costs in the United States, thus these issues are ultimately handed over to local governments for resolution. Moreover, the impact of policy coordination on industry innovation performance is much greater than that of R&D funding and full-time equivalent of R&D personnel. With other inputs constant, a 1% increase in the logarithmic value of policy coordination leads to a 12.684% increase in the logarithmic value of industry innovation performance [4]. This data indicates that the combined effect of central and local government policies can have a synergistic impact on corporate support, where the whole is greater than the sum of its parts in situations of high coordination.

H3: Industrial policies with a higher level of local government emphasis have a more significant impact on corporate debt financing. Compared to companies not supported by local industrial policies, those that are supported tend to have a higher overall debt ratio and lower financing costs.

1.4 The Impact of Policy Divergence between Central and Local Governments on Corporate Debt Financing When Local and Central Policies Are Inconsistent

Under the decentralized system in China where central and local governments have separate jurisdictions, conflicts inevitably arise in policies related to industrial support. This could lead to scenarios where the central government supports certain industry policies which local governments do not coordination and vice versa. Both situations reflect the autonomy exercised by local governments within their discretionary power. Compared to scenarios where there is coordination in central-local industrial policies, the lack of such coordination increases uncertainty in policy implementation, hindering the effective use of resources from both levels of government and failing to create a synergistic policy effect. SWIANIEWICZ and others argue that central government subsidy policies cannot address the mismatch in investment preferences between central and local governments, and may even encourage local governments to engage in free-riding behaviors, exacerbating environmental degradation. Taking Chinese companies listed on the Shanghai and Shenzhen A-share markets as an example, research by Yang Zhen, Chen Jin, and Ling Hongcheng shows that policy discordance significantly suppresses both the number of patent applications and grants for businesses. This is because the lack of coordination in industrial policy significantly negatively affects enterprises' ability to obtain government subsidies and tax incentives, thus making it difficult for businesses to access external government resources and weakening the supply of government resources as well as external financing signal support. [5]

H4: Variance between local and central policies can impact corporate financing to varying degrees.

2 Research Design

2.1 Sample Selection and Data Sources

This paper focuses on A-share listed companies in the Shanghai and Shenzhen stock markets from 2001 to 2018 as the research subjects, excluding ST companies, companies with missing data, companies in the financial industry, and companies with abnormal financial data, ultimately obtaining 33,154 annual observational samples of companies. [6] The paper employs web scraping techniques to collect annual reports of listed companies in the Shanghai and Shenzhen stock markets, while other financial data and corporate governance data are sourced from the CSMAR database. After collecting all the industrial policies, each policy was read to filter out industries explicitly supported in the "Five-Year Plans". The listed companies' financial data in the text are from the Guotai'an CSMAR database. To eliminate the influence of extreme values, this paper performs a 1% and 99% Winsorization tail-trimming treatment on all continuous variables.

2.2 Variable Definition

2.2.1 Dependent Variable

This chapter analyzes corporate debt financing from four aspects: First, Total Debt Ratio (Lev), which reflects the overall debt level of a company, calculated as total debt/total assets. Second, Debt Financing Cost (Cost), representing the cost incurred by a company to acquire debt. This chapter uses the ratio of net financial expenses to total corporate debt as a proxy variable for debt financing cost. Due to limitations in informal financial financing and data availability, this chapter focuses on examining one main form—commercial credit financing.

2.2.2 Control Variable

This chapter, referencing similar studies by Lu Zhengfei et al., Rodano et al., and Zhou Kaitang et al., [7] primarily selects the following control variables: Company Size (Size), Profitability (ROE), Growth Ability (Growth), Asset Collateral Capacity (FA), Current Ratio (Cur), Cash Flow (CF), Board Size (Bsize), Proportion of Independent Directors (PID), Supervisory Board Size (Ssize), and Ownership Concentration (Top1). Existing literature has confirmed that companies with larger size, stronger profitability, higher growth ability, stronger asset collateral capacity, higher current ratio, more abundant cash flow, and better corporate governance are often more likely to obtain debt financing. Detailed variable definitions are shown in Table 1.

Table 1. Definition and Description of Variables

Variable Type	Variable Name	Variable Symbol	Variable Definition
Dependent Variable	Debt Financing	*Debt*	Specifically includes Total Debt Ratio, Long-term Debt Ratio, Debt Financing Cost, Sources of Debt Financing
	Total Debt Ratio	*Lev*	Total Debt / Total Assets
	Financial Channel Financing	*Cost*	(Cash Received from Issuing Bonds + Cash Received from Loans - Cash Paid for Debt Repayment) / Total Debt

Control Variable	Company Size	*IP*	Natural logarithm of total assets
	Profitability	*Size*	Return on Equity
	Growth Ability	*ROE*	Growth Rate of Operating Income
	Asset Collateral Capacity	*Growth*	Fixed Assets / Total Assets
	Current Ratio	*FA*	Current Assets / Current Liabilities
	Cash Flow	*Cur*	Net Cash Flow from Operating Activities / Total Assets
Dependent Variable	Board Size	*CF*	Natural logarithm of the number of board members
	Proportion of Independent Directors	*Bsize*	Number of Independent Directors / Total Number of Board Members
	Supervisory Board Size	*PID*	Natural logarithm of the number of supervisory board members
	Ownership Concentration	*Ssize*	Percentage of shares held by the largest shareholder
	Year	*Top1*	Control for year effect
	Industry	*Year*	Control for year effect

2.3 Model Design

To test whether research hypothesis H1 is valid, namely the impact of industrial policy on the total debt ratio of enterprises, this paper constructs the following test models:

$$Lev_{it}=\alpha_0+\alpha_1 IP_{it}+\alpha_2 Size_{it}+\alpha_3 ROE_{it}+\alpha_4 Growth_{it}+\alpha_5 FA_{it}+\alpha_6 Cur_{it}+\alpha_7 CF_{it}+\alpha_8 Bsize_{it}+\alpha_9 PID_{it}+\alpha_{10}Ssize_{it}+\alpha_{11}Top1_{it}+\sum Year_a + \sum Ind_n + \varepsilon$$

(1)

In the model, Lev_{it} represents the total debt ratio of company i in year t, and IP_{it} represents the industrial policy support for company i in year t; the definitions of other control variables are as shown in Table 1. If the regression coefficient α_1 of the industrial policy IP_{it} is significantly positive, it indicates that companies supported by industrial policy have a higher total debt ratio.

To test whether research hypothesis H2 is valid, namely the impact of industrial policy on the proportion of long-term debt in companies, this paper constructs the following test models:

$$LLev_{it}=\beta_0+\beta_1 IP_{it}+\beta_2 Size_{it}+\beta_3 ROE_{it}+\beta_4 Growth_{it}+\beta_5 FA_{it}+\beta_6 Cur_{it}+\beta_7 CF_{it}+\beta_8 Bsize_{it}+\beta_9 PID_{it}+\beta_{10}Ssize_{it}+\beta_{11}Top1_{it}+\sum Year_a + \sum Ind_n + \varepsilon$$

(2)

In the model, $LLev_{it}$ represents the long-term debt ratio of company i in year t, and IP_{it} represents the industrial policy support for company i in year t. If the regression coefficient β_1 of the industrial policy IP_{it} is significantly positive, it suggests that companies supported by industrial policy have a higher long-term debt ratio.

To test whether research hypothesis H3 is valid, namely the impact of industrial policy on the cost of corporate debt financing, this paper cons.

3 Empirical Testing and Result Analysis

3.1 Analysis of the Central Industrial Policy Regression Results

According to the results in Table 2, the regression coefficient between industrial policy (*IP*) and enterprise total debt ratio (*Lev*) is 0.011, which is significantly positive at the level of 0.01. Therefore, it can be shown that, compared with the enterprises without the industrial policy support, the total debt ratio of the enterprises supported by the industrial policy is higher. At the same time, the regression coefficient of industrial policy (*IP*) and corporate debt financing cost (*Cost*) is -0.002, which is significantly negative at the level of 0.01. Therefore, it can be explained that, compared with enterprises without industrial policy support, the debt financing cost of enterprises supported by industrial policy is lower, which supports the research hypothesis of this chapter H1. At the same time, this chapter has also conducted a test for the T + 1 issue, and the results are still significant.

The test results of the control variables are as follows: the regression coefficient of the enterprise size (*Size*) and the total enterprise debt ratio (*Lev*) is 0.037, which is significantly positive at the level of 0.01. This suggests that larger companies are more likely access to debt financing. The regression coefficient of profitability (*ROE*) and the total corporate debt ratio (*Lev*) is -0.180, significantly negative at the level of 0.01. This suggests that companies with poor profitability are more likely to obtain debt financing. The regression coefficient between the growth capacity (*Growth*) and the total enterprise debt ratio (*Lev*) was 0.020, significantly positive at the level of 0.01. This suggests that growing companies are more likely to obtain debt financing. The regression coefficient of asset mortgage guarantee ability (*FA*) and enterprise total debt ratio (*Lev*) is-0.067, which is significantly negative at the level of 0.01. This shows that enterprises with weak asset mortgage guarantee ability are more likely to obtain debt financing. The regression coefficient between the current ratio (*Cur*) and the enterprise total debt ratio (*Lev*) is -0.040, significantly negative at the level of 0.01. This suggests that companies with small current ratios are more likely access to debt financing. The regression coefficient between cash flow (*CF*) and enterprise total debt ratio (*Lev*) is -0.199, significantly negative at the level of 0.01. This suggests that businesses with small cash flows are more likely to obtain debt financing. The regression coefficient between the board size (*Bsize*) and the enterprise total debt ratio (*Lev*) was 0.010, not significant. The regression coefficient of the independent director ratio (*PID*) and the total enterprise debt ratio (*Lev*) is -0.045, which is significantly negative at the level of 0.01. This suggests that companies with a small proportion of independent directors are more likely to obtain debt financing. The regression coefficient between the size of the board of Supervisors (*Size*) and the total debt ratio (*Lev*) is 0.031, significantly positive at the level of 0.01 respectively. This suggests that companies with a larger supervisory board are more likely to obtain debt financing. The regression coefficient between equity concentration (*Top1*) and enterprise total debt ratio (*Lev*) is 0.043, which is significantly positive at the level of 0.01. This suggests that companies with high equity concentration are more likely to obtain debt financing.

The regression coefficient between corporate size (*Size*) and corporate debt financing cost (*Cost*) is -0.002, which is significantly negative at the level of 0.01. This suggests that the smaller the company has a higher cost of debt financing. The regression coefficient between profitability (*ROE*) and corporate debt financing cost (*Cost*) is -0.016, significantly negative at

the level of 0.01. This shows that companies with poor profitability have higher costs of obtaining debt financing. The regression coefficient between growth capacity (*Growth*) and corporate debt financing cost (*Cost*) is-0.002, which is significantly negative at the level of 0.1. This shows that companies with strong growth capacity have lower debt financing costs. The regression coefficient of asset mortgage guarantee ability (*FA*) and corporate debt financing cost (*Cost*) is-0.004, which is significantly negative at the level of 0.01. This shows that enterprises with weak asset mortgage guarantee ability have lower costs to obtain debt financing. The regression coefficient between the current ratio (*Cur*) and the corporate debt financing cost (*Cost*) is -0.002, significantly negative at the level of 0.01. This suggests that companies with a small current ratio have higher costs of obtaining debt financing. The regression coefficient between cash flow (*CF*) and corporate debt financing cost (*Cost*) was 0.034, significantly positive at the level of 0.01 costs. The regression coefficient of board size (*Bsize*) and corporate debt financing cost (*Cost*) is 0.010, not significant. The regression coefficient between the independent director ratio (*PID*) and the corporate debt financing cost (*Cost*) is -0.014, which is significantly negative at the level of 0.01. This shows that companies with a small proportion of independent directors have higher costs of debt financing. The regression coefficient between the size of the Board of Supervisors (*Size*) and the corporate debt financing cost (*Cost*) is -0.003, not significant. The regression coefficient between equity concentration (*Top1*) and corporate debt financing cost (*Cost*) was 0.027, significantly positive at the level of 0.01. This shows that the higher the cost of debt financing.

Table 2. Regression Results of Industrial Policy vs Total Debt Ratio and Cost

Quantity	Lev_{it}	$Cost_{it}$
IP_{it}	0.011^{***}	-0.002^{***}
	(3.391)	(-2.604)
$Size_{it}$	0.037^{***}	-0.001^{**}
	(22.841)	(-2.261)
ROE_{it}	0.180^{***}	-0.016^{***}
	(-17.148)	(-3.165)
$Growth_{it}$	0.020^{***}	-0.002^{*}
	(11.241)	(-1.925)
FA_{it}	0.067^{***}	-0.004^{***}
	(-5.549)	(-11.104)
Cur_{it}	0.040^{***}	-0.002^{***}
	(-49.907)	(-7.095)
CF_{it}	0.199^{***}	0.034^{***}
	(-13.260)	(5.123)
$Bsize_{it}$	0.010	-0.005
	(1.265)	(-0.929)
PID_{it}	0.045^{***}	-0.014^{***}
	(-3.075)	(-2.824)
$Ssize_{it}$	0.031^{***}	-0.003
	(4.563)	(-1.326)
$Top1_{it}$	0.043^{***}	0.027^{***}
	(4.907)	(9.819)
Constant	0.331^{***}	0.091^{***}
	(-8.761)	(8.208)
Year/Ind	Control	Control
Adj-R^2	0.460	0.013
N	33154	33154

Note: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. The *t* value is in brackets; the standard error is treated by cluster at the company level.

3.2 Local Implementation of the Central Industrial Policy Situation Regression Analysis

After the country of industrial policies, all regions will actively promote the implementation of the policy, which is often reflected in the planning of each province. On the basis of the national industry, each province will set the provincial industrial policies in combination with its own industrial structure, resource endowment and economic development status. Through the method of text analysis, this paper analyzes the five-year plan of each province, and sorts out the relevant data of local industrial policies. According to the regression results in Table 3, it can be seen that from the table, the regression coefficients of local industrial policy PIP and Lev and debt financing cost *Cost* are 0.002 and -0.001, respectively, which are significant at the level of 0.01 and 0.01, respectively. It can be seen that local industrial policies can have a significant impact on corporate debt financing.

Table 3. Regression results of local industrial policy

Quantity	Levit	Costit
PIPit	0.002***	-0.001***
	(3.479)	(-3.432)
Sizeit	0.035***	-0.001**
	(21.595)	(-2.512)
ROEit	-0.158***	-0.017***
	(-13.319)	(-3.182)
Growthit	0.019***	-0.002**
	(10.139)	(-2.225)
FAit	-0.071***	-0.001
	(-5.721)	(-0.250)
Curit	-0.041***	-0.002***
	(-45.469)	(-7.623)
CFit	-0.222***	0.038***
	(-14.394)	(5.513)
Bsizeit	0.011	-0.005*
	(1.408)	(-1.943)
PIDit	-0.037***	-0.014***
	(-2.646)	(-2.713)
Ssizeit	0.034***	-0.003
	(5.116)	(-1.313)
Top1it	0.044***	0.027***
	(5.080)	(9.689)
Constant	-0.275***	0.093***
	(-7.394)	(8.439)
Year/Ind	Control	Control
Adj-R2	0.492	0.014
N	33154	33154

3.3 Regression Analysis of Policy Synergy

Since provinces often take the central industrial policies as the guidance when formulating their own industrial policies, the impact of local industrial policies on corporate debt financing decisions may be affected by the central industrial policies. When an industry is supported by both central industrial policies and local industrial policies, enterprises in the industry are more likely to obtain debt financing. The above research conjecture is demonstrated in this

chapter, and the specific regression results are shown in Table 3. As can be seen from the table, the cross-item IP *PIP* is significantly positively correlated with total debt ratio Lev, at the levels of 0.01 respectively, which is significantly negatively correlated with the debt financing cost *Cost* at the level of 0.1 On the whole, the debt financing of enterprises supported by the central industrial policies and local industrial policies is more convenient.

3.3.1 Regression Insight on Debt Financing Dynamics

Since provinces often take the central industrial policies as the guidance when formulating their own industrial policies, the impact of local industrial policies on corporate debt financing decisions may be affected by the central industrial policies. When an industry is supported by both central industrial policies and local industrial policies, enterprises in the industry are more likely to obtain debt financing. The above research conjecture is demonstrated in this chapter, and the specific regression results are shown in Table 4. As can be seen from the table, the cross-item IP *PIP* is significantly positively correlated with total debt ratio *Lev*, at the levels of 0.01 respectively, which is significantly negatively correlated with the debt financing cost *Cost* at the level of 0.1.

Table 4. Regression Results Based on Consistent between Central and Local Industrial Policy

Quantity	Levit	Costit
IP_{it}	0.016***	-0.002
	(4.956)	(-1.568)
$IP_{it} \times PIP_{it}$	0.044***	-0.006*
	(4.453)	(-1.743)
PIP_{it}	0.035***	-0.009**
	(4.181)	(-2.537)
$Size_{it}$	0.035***	-0.001**
	(21.754)	(-2.343)
ROE_{it}	-0.157***	-0.018***
	(-13.364)	(-3.285)
$Growth_{it}$	0.019***	-0.002**
	(10.052)	(-2.117)
FA_{it}	-0.072***	-0.001
	(-5.821)	(-0.330)
Cur_{it}	-0.042***	-0.002***
	(-45.461)	(-7.528)
CF_{it}	-0.224***	0.038***
	(-14.584)	(5.534)
$Bsize_{it}$	0.010	-0.005**
	(1.268)	(-1.997)
PID_{it}	-0.035**	-0.014***
	(-2.453)	(-2.828)
$Ssize_{it}$	0.034***	-0.003

	(5.180)	*(-1.335)*
Top1it	*0.042****	*0.027****
	(4.929)	*(9.567)*
Constant	*-0.285****	*0.092****
	(-7.691)	*(8.338)*
Year/Ind	*Control*	*Control*
Adj-R2	*0.494*	*0.015*
N	*33154*	*33154*

3.3.2 Regression Results for the Policy Bias

Due to the inconsistent economic situation of the provinces, the local industrial structure characteristics will be considered in the formulation of local industrial policies, so the local industrial policies are not completely consistent with the central industrial policies. State-owned commercial banks occupy an important position in China's financial system, and the government can influence the allocation of bank credit funds (Jiang Wei and Li Bin, 2006). Local governments can interfere in the credit decisions of local commercial banks through control, and encourage local commercial banks to formulate credit guidelines around local industrial policies. At this point, enterprises supported by local industrial policies are often more likely to obtain debt financing. Although the control of national commercial banks does not belong to the local government, they will still be regulated by the local banking regulatory bureau, so they will also be affected by the local government. Therefore, this chapter holds that when the central and local industrial policies are inconsistent, the impact of local industrial policies is more significant. In order to better identify the effect of differences between national industrial policies and local industrial policies, this chapter sets up the explanatory variable *IP0 & PIP1*.When the industry is only supported by local industrial policies, the *IP0 & PIP1* is assigned 1, while when the industry is only supported by national industrial policies, the *IP0 & PIP1* is 0. From the regression results in Table 5, it can be seen that *IP0 & PIP1* is significantly positively correlated with total debt ratio *Lev,* and significantly negatively correlated with debt financing cost *Cost* and *CC* of commercial credit financing. This shows that although they are not supported by the central industrial policies, enterprises can still obtain debt financing convenience under the support of local industrial policies.

Table 5. Regression Results Based on Conflicts between Central and Local Industrial Policy

Quantity	*Levit*	*Costit*
IP0&PIP1it	*0.021***	*-0.010****
	(2.529)	*(-3.011)*
Sizeit	*0.038****	*-0.001**
	(16.301)	*(-1.762)*
ROEit	*-0.209****	*-0.025****
	(-11.220)	*(-3.220)*

Growthit	*0.025****	*-0.003***
	(8.184)	*(-2.074)*
FAit	*-0.106****	*-0.000*
	(-6.105)	*(-0.025)*
Curit	*-0.043****	*-0.002****
	(-32.514)	*(-5.636)*
CFit	*-0.250****	*0.042****
	(-10.709)	*(4.108)*
Bsizeit	*0.007*	*-0.003*
	(0.606)	*(-0.635)*
PIDit	*-0.025*	*-0.009*
	(-1.232)	*(-1.199)*
Ssizeit	*0.050****	*-0.006**
	(4.858)	*(-1.871)*
Top1it	*0.055****	*0.022****
	(4.370)	*(4.944)*
Constant	*-0.328****	*0.103****
	(-6.167)	*(6.154)*
Year/Ind	*Control*	*Control*
Adj-R2	*0.498*	*0.016*
N	*13034*	*13034*

Note: The research objects in this table are annual samples of companies when there are differences between the central and local industrial policies.

4 Research Conclusions and Policy Implications

From 2001 to 2018 China Shanghai and Shenzhen a-share enterprises as A research object, combined with the uniqueness of China central decentralization system and match the central and local "five-year plan" policy text, based on theory, theory and theory, around the central and local industrial policy on corporate debt financing and local industrial policy emphasis analysis, the conclusion is as follows:

1. Build a Close and Clean Relationship between Government and Business

It is a key link to promote economic development to build a friendly and clean relationship between government and business, and to clarify the governance scope and moderate range of government intervention. Maintain a close and clean relationship between the government and enterprises to prevent the rent-seeking corruption caused by "close but unclear" and the negative management of the government caused by "clean but not close". By strengthening

the close and clean relationship between government and business, the government and enterprises can perform their respective duties and realize the industrial development mode of market subject leading innovation resource allocation under the guidance of the government.

2. Monitor and Evaluate Local Industrial Policies

Monitoring and evaluation of local industrial policies is crucial. Especially in the case that the central industrial policy does not provide support, the policy measures of local governments still have an important impact on corporate debt financing. Therefore, monitoring the implementation of local policies and assessing their impact on corporate debt financing is a crucial step to ensure the effectiveness of local policies. In addition, research also shows that the importance local governments attach to industrial policies is positively correlated with its impact on corporate debt financing.

3. Promote Experience Exchange and Cooperation between Local Governments

When enterprises are supported by local industrial policies but the central industrial policies are not, it is particularly important to promote experience exchange and cooperation among local governments. Especially in the case that local industrial policies have a significant impact on corporate debt financing, by strengthening the communication and cooperation between local governments, the common challenges can be better solved and the overall level of local economic development can be improved. In addition, encouraging local governments to carry out cross-regional cooperation projects and joint research will help to expand the thinking of policy innovation and promote the sustained growth and innovative development of local economy.

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