Table 1: Baseline estimate, SO2 emission reduction, financial ratio

	Dependent variable: SO2 emission							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
$\log(\text{output}_{cit}+1)$	0.250***	0.199***	0.235***	0.215***	0.231***	0.232***	0.231***	0.219***
	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)	(0.037)
$\log(\text{employment}_{cit}+1)$	0.241***	0.272***	0.251***	0.263***	0.253***	0.248***	0.253***	0.261***
	(0.032)	(0.033)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
$\log(\text{capital}_{cit}+1)$	0.121**	0.088*	0.104*	0.101*	0.102*	0.111**	0.102*	0.124**
	(0.054)	(0.052)	(0.053)	(0.052)	(0.053)	(0.053)	(0.053)	(0.053)
working capital$_i$ × period	−0.327***							−0.656***
	(0.083)							(0.108)
asset tangibility$_i$ × period		0.215***						
		(0.039)						
current ratio$_i$ × period			0.067					
			(0.056)					
cash assets$_i$ × period				3.304***				
				(0.526)				
liabilities assets$_i$ × period					−0.043			
					(0.576)			
return on asset$_i$ × period						0.020***		
						(0.008)		
sales assets$_i$ × period							0.0002	
							(0.0005)	
period ×asset tangibility$_i$								0.313***
								(0.063)
period ×current ratio$_i$								0.123**
								(0.062)
period ×cash assets$_i$								1.695**
								(0.677)
period ×liabilities assets$_i$								0.384
								(0.620)
period ×return on asset$_i$								0.004
								(0.008)
period ×sales assets$_i$								−0.001
								(0.001)
City-time	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
city-industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Observations	31,723	31,723	31,723	31,723	31,723	31,723	31,723	31,723
R^2	0.861	0.861	0.861	0.862	0.861	0.861	0.861	0.862

This table estimates eq(3). Heteroskedasticity-robust standard errors clustered at the city level appear inp arentheses. * Significance at the 10%, ** Significance at the 5%, *** Significance at the 1%.