

**The Effect of Money to Output for Taiwan
with Concerning Asymmetric Lag Length and Lag-Chosen Criteria**

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Abstract

This paper will investigate the effect of money to output in Taiwan. In this paper, three cases related to money to output are investigated. These cases include the effect of money to output, the effect of money volatility retrieved by GARCH models to output, and money volatility retrieved by component GARCH models to output. In this paper, there are three concerns for investigating above cases. One is if our empirical results are sensitive to different lag-length chosen criteria. Another is if the empirical results with concerning asymmetric lag length are different from those with concerning symmetric lag length. The other is if money does matter to output in Taiwan. Therefore, these issues are tested with concerning symmetric and asymmetric lag length, and are also tested with concerning five different lag-chosen criteria, such as AIC, BIC, FPE, SBC, and S criteria. Furthermore, two kinds of data, such as real data and the simulated data, are employed for testing above relationships. In the evidence of money volatilities retrieved by GARCH models, we find that different lag-length chosen methods show the similar results in Granger causality tests for the real data, but different results are shown in the simulated data. However, even though the above contradiction, money still does matter in this paper due to the fact that money will have effect on output in this paper, and money volatilities will result in the fluctuation of output. Therefore, policymakers might adopt monetary policies with care.

Keywords: Money Growth, Money Volatility, Output.