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The effect of some fiscal policy variables on the performance of the Iraqi Stock Exchange for the period 2004-2019

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Abstract **:** This research came to explain the impact of some fiscal policy variables represented by public expenditures and public revenues on the performance of the indicators of the Iraqi market for securities, and the extent of the relationship between them. The financial market, and the research shows the extent to which the policy affects the market, and this change varies depending on the level of economic and social development of the country. The researcher found the weak contribution of taxes to state revenues because Iraq depends primarily on oil exports, and some recommendations were suggested, including that the government should pay attention to investment expenditures by increasing its percentage of revenues, and a policy of transparency must be followed in the financial market and the use of modern methods to provide data to all investors in market.

INTRODUCTION: The increasing interest of the developed and developing world countries in the stock market because of its important role in accumulating savings and directing them towards investment channels that support the national economy and that would increase the rates of economic growth and social welfare. Fiscal policy is characterized by having a significant impact on economic activity, and for this reason, countries adopt fiscal policy through their tools to achieve stability in their economies, as fiscal policy is one of the external factors affecting because it expresses policy trends if they are expansionary or contractionary, if fiscal policy represents a strategy The government must use revenues and expenditures in order to achieve the country's economic goals, as well as the behavior of the financial market must be studied by studying its most important indicators (the general price index, stock index, market value index and trading volume index), and building the standard model for multiple linear regression and showing the correlation and influence relationship between the variables of fiscal policy and showing Which variables have the most impact on the indicators of the Iraqi stock market? If the financial market indicators are considered among the important criteria on which investors base their decisions in the local and foreign financial markets in order to choose the best investment opportunity, therefore, the financial policy is one of the external influences in the financial market indicators and its impact varies according to the type of policy followed, as any financial policy decision has become on the performance of the stock market.

First: the importance of research

The importance of the research consists in its focus on showing the role of financial policy and its contribution to achieving financial functions through its tools represented in public expenditures, public revenues and public loan, and clarifying the impact that some financial policy variables have on the performance of the indicators of the Iraqi market for securities.

Second, the research problem

The research problem is in answering the following question: Do the financial policy tools (public expenditures and revenues) have an impact on the indicators of the Iraqi stock market (general index, stock prices, trading volume index, market value index, turnover rate and number of companies) during the research period Which of them is more effective؟

Third: the research hypothesis

The main hypothesis of the research is the extent of the impact of some variables of fiscal policy (public expenditures, public revenues and public loan) on the indicators of the Iraqi stock market, as well as showing the effects they leave and vary depending on the economic and social level in the country.

Fourth: Research objectives

Shedding light on the performance of the indicators of the Iraqi Stock Exchange through analyzing the market indicators

2- Measuring and analyzing the impact of financial policy variables on market indicators, with an explanation of the variable most affecting the indicators.

Fifthly: the temporal and spatial limits of the research

It included the temporal limits of the period (2004-2019)

As for the spatial boundaries, they were represented by the indicators of the Iraq Stock Exchange

Sixth: The method of research

Relied on the standard method estimating the standard model of the relationship between financial policy on the one hand and the stock market on the other hand

The First topic

The first requirement: the financial policy

First: the concept of fiscal policy

It is an economic policy used by the government to make changes in taxes and public expenditures for the purpose of influencing the level of GDP and ensuring the stability of the country's economy" (O'Svlivan, 2008:37).

It is also defined as the actions and measures taken by the state to influence the economy through expenditures and revenues (Ginette, 2006: 250)(

Or it is a set of rules that governments and public authorities must apply in determining public expenditures and securing the resources necessary to meet these expenditures by distributing their burdens among individuals" (Al-Dawamy, 2010: 49).

Fiscal policy is defined as a set of systematized mechanisms by the government with the aim of determining the sources of public revenues, indicating the relative importance of each source, and determining the method by which these public revenues can be distributed for the purpose of financing public expenditures, in order to achieve various economic goals, especially economic stability. Hence, the role of fiscal policy as one of the economic policy tools in the hands of the state appears in limiting the phenomenon of inflation and stagnation by using its financial tools to address these economic problems through the Ministry of Finance or the Treasury (Ali, 129: 2003).

Fiscal policy consists in the government's role in imposing taxes and collecting revenues, which are spent in the first areas of promoting public investments and the second in the field of public services for individuals, especially government spending in the areas of social capital (Belazzouz, 2008: 19).

Second: Factors affecting fiscal policy

1-politics factors:

Every tax system is the result of a political decision, as this influence of policy on tax has existed since ancient times, and it included both developed and developing countries, as the fiscal policy until a few years ago was subordinate to the policy responsible for providing them with money for their expenses and at the time Presently, fiscal policy has become the adjunct to politics in addition to the social and economic functions that have been assigned to it. The mutual influence between fiscal policy and political factors is clearly evident because the deduction from income is very important, and determining the value of this deduction and determining its distribution and decisions to use it creates important political problems (Masoud: 2006, 64).

The mutual effect between fiscal policy and political factors can be explained in the three points

A- The impact of financial phenomena on domestic policy: The financial policy can affect political life, whether through political systems, as every system exercises financial jurisdictions, resulting in a political authority that is higher than the authority usually subordinate to the legal provisions that determine its system and the best evidence of Parliament's authority And its financial competence, and fiscal policy can exercise its influence on political life through its influence on political events of financial origin, that is, resulting from financial and tax reasons such as the tax burden on the poor classes (Zuish: 27, 2014).

B - The effect of political factors on financial policy: This influence can be seen from two perspectives: In terms of the influence of the political structure, we find that the ruling class is responsible for the financial direction of a state, any history, so that it uses its financial authority to maintain its control in the state, whether through tax policy or Public expenditures In terms of the impact of political facts, we find that general political events have repercussions on fiscal policy because of their impact on revenue possibilities and the changes they cause in the value and overall public expenditures, and from these political facts you find military events and their clear impact on fiscal policy We also find military events and social unrest, as well as election campaigns. (Massoud: 2006, 65)

C- Mutual influence between the general budget and political factors: The observer of the interrelationships between political considerations and fiscal policy notes that they are two policies that cannot be separated. From a technical point of view, we find that the decision on the amount of spending and the decision on financing this spending, cannot be considered as two separate decisions. The possibilities for the proper functioning of fiscal policy are greater in political systems with democratic governance, and the effectiveness of fiscal policy performance in independent countries is greater than in colonial countries (Sumaya: 28, 2015).

2 -Agnostic factors

Administrative factors One of the important factors that affect fiscal policy, we find that it affects and is affected by fiscal policy. One of the most important aspects of fiscal policy that is affected by the administrative apparatus is the revenue side. Therefore, the tax system must inevitably adapt to the existing structures where the efficient administrative apparatus prepares the fiscal policy with great effectiveness in achieving its goals. (Said:42, 1991)

● The impact of administrative structures on financial policy: There are some administrative structures that require large expenditures, because they contain enormous facilities and a human and financial element that may not be available in the concerned country, as well as in the case of expanding reliance on the decentralized method, which leads to increased spending due to the exaggeration of the authorities The local administration is financially independent in its expenditures, and the local administration is less competent than the central administration in terms of tax collection.

● The impact of administrative policy on financial policy: Administrative policy has many manifestations that have financial repercussions, such as administrative institutions and establishments. For example, building factories is a source of financial resources as a result of taxation. It also contributes to increasing economic activity by developing consumption and thus increasing financial resources.

● The impact of financial operations on administrative institutions In the administrative arena, we find that any body that exercises financial competences derives from that a consolidation of its powers, and judging the extent of the independence of decentralized bodies is based on the extent of their financial independence and independence is not real unless the local authority has independent revenues while enjoying the freedom to spend without Recourse to the legislative authority to obtain a permit to spend.

● The impact of financial operations on administrative policy: This effect is evident through local groups and public establishments, as the administrative policy of these bodies is governed by financial considerations. Adopting a contractionary fiscal policy so that it is satisfied with the necessary utilities only (Fatima: 12, 2014)

Third: Objectives of the fiscal policy:

Fiscal policy has multiple goals that the state seeks to achieve, depending on its various tools, which we review as follows:

1-Achieving economic stability: Fiscal policy plays an important role in achieving economic stability, especially in times of recession or boom times, due to its impact on the level of employment, the level of prices and the level of local income. Given the causes and sources of economic imbalances and fluctuations that plague economic stability in any society, they can be traced back to two types of reasons, while not ignoring other reasons related to the economies of developing countries:

A- The existence of monopolistic forces that go beyond the rules of competition and enjoy a large degree in determining both prices and wages in society, with a low degree of flexibility of some factors of production (JOHNSON, 1975: 25)

2-Income redistribution: The fiscal policy affects individuals' desires to consume, save and invest in the event that they expect that high taxes will affect their profits and money. Therefore, the volume of consumption will rise and the volume of saving will decrease, as the society in such a case will spend a large percentage of its income for the purpose of satisfying its consumer needs, and thus the volume of total saving will decrease, and this will eventually restore the balance in favor of the low-income groups. (Sultan, 2006: 15)

3-Achieving economic efficiency in the allocation of economic resources: The goal of achieving economic efficiency includes directing resources towards the best uses of the economic resources owned by the community and in the most efficient way possible. Possible harm (Al-Khikani, Al-Mousawi, 2015: 47)

4-Stimulating economic growth: economic growth includes the growth of real national income, not nominal, and the fiscal policy contributes to achieving this growth through its tools, influencing both sides of investment and public and private consumption, and through spending policy through the expansion of investment expenditures, which leads to the development of the material foundations of growth as well as expenditures operational through perpetuating work in state institutions and the services provided, in addition to their importance in enhancing human capital. Also, the revenue policy has a role in achieving this growth through tax policy, and its most important tool is tax reduction) .

5-Increasing job opportunities: The fiscal policy aims to address the problem of unemployment by increasing job opportunities for unemployed individuals through establishing public projects and encouraging the private sector through tax exemptions, soft loans and subsidies, and justifying the importance of providing job opportunities in light of the high growth rates of the population in countries The developing countries, including Iraq (Al-Quraishi, 2007: 225)

6-Achieving social justice: This means that society reaches the highest possible level of welfare for its members within the limits of its capabilities, and fiscal policy should not stop at the limit of increasing production, but rather this goal should be associated with finding fair ways to distribute that production to individuals (Suad, 2011). 20) This requires the state's intervention to redistribute the national income using fiscal policy tools. The general balance: the balance between total spending (Abdul-Majid, 2003: 45)

7-General equilibrium: the general equilibrium is the balance between the sum of the local agreement and the total domestic product at constant prices, at a level that allows the operation of all the available factors of production, and

the tools used by the government are many and varied to reach this goal, the most important of which are taxes, loans, subsidies, exemptions and participation with Individuals in the formation of projects (Al Taweel, 2016: 52)

The second requirement: the stock market

First: the concept of the stock market

The stock market is defined as "the link between saving and investment, through main channels represented by financial instruments and specialized institutions, that create investment opportunities for cash balances, 2001: 3 F. Mishkin)

It was also defined as "the framework that brings together the destroyed units that wish to invest and the deficit units that need funds for the purpose of investing through specialized channels operating in the market, provided that effective communication channels are available" (Al-Tamimi, Salam, 2004: 110)

In another definition, "it is a continuous and fixed market that is established in the centers of trade and money on specific dates, in which the owners of capital and brokers meet to deal in securities in accordance with fixed systems and specific regulations, which are very sensitive, as they are affected by recession or boom, and in normal cases the price of securities is determined supply and demand factors (Al-Sisi, 2003: 15).

Some define it as "the mechanism through which financial assets are traded in buying and selling, and financial resources are efficiently transferred from sectors with financial surpluses to sectors with financial deficits." (Atef, 2005: 6)

Secondly: Financial markets play an important role in the economy, represented by the following:

1- Financial intermediation: The financial markets play the role of mediator in collecting funds from surplus units represented by investors or saving sectors and directing them towards deficit units represented by companies and governments that need funds to finance their investments and expenditures. From investors to companies and governments in three ways. First, the company sells securities directly to investors. Secondly, the company sells securities to investors indirectly through investment banks. Third, the intermediary financial institutions collect the savings of investors and invest them in the securities issued by companies (Ross.te.al, 2008: 89).

2- Liquidity: The financial markets provide liquidity to savers and investors, as it allows them to quickly convert their investments in securities and financial assets in which they have been invested into cash (Khalaf, 2006: 32). From papers to cash at any time he wants by offering them for sale within the financial market while maintaining the fair value of the security, by determining the fair prices of financial assets (Gilman & Joehnk, 2008: 550)

3- Efficiency in the allocation of capital that the investor in all financial markets is looking for investment in securities that achieve the highest returns with the least risks, and this is what makes companies compete to improve their performance, which is reflected in the prices of their financial assets within the markets and that this competition leads to efficient allocation of capital

4- A storehouse of wealth: the financial markets enable individuals to invest the money surplus to their needs in securities, and when they need money, they can convert securities into cash without losing their value. profits.

5- Reducing the risk: the financial markets help investors build an investment portfolio that consists of a group of diversified securities for a group of different sectors that help them reduce the risk to the least possible while ensuring a good return. All securities include a degree of risk, and this risk varies from one paper to another. The higher the security risk, the higher the required return, and the financial markets provide the security that the investor desires in terms of the degree of risk (Al-Ardawi, 2011: 59).

6- Achieving economic development. The markets are working to increase the growth of the size of companies by increasing their capital, including the possibility of direct financing, away from the dominance of bank lending, which reduces these pressures on the company and strengthens its negotiating capabilities. (Al-Mawla, 2004: 13).

7- Financial markets enable the financial and monetary authorities to implement their financial and executive policies by buying and selling securities in the market in order to influence the amount of money in circulation. The gross domestic product and the increase in demand for products, which is reflected in the profits of companies and the dividend, which stimulates the purchase of shares and thus increases the trading volume and the rise in share prices (Ritter & silber, 1989: 414).

8- Achieving economic stability: the financial markets represent a main means for implementing economic policies, including the financial policy, as it increases the money supply in the event of unemployment and depression to increase the effective demand, thus increasing investment and employment in the national economy, through the issuance of government securities with the aim of affecting banks' liquidity and reserves, and then Its ability to save money, as the government becomes more aware of the cost aspect when the actual value of the total returns that must be paid for debt financing appears clearly through lending. When the government follows a contractionary fiscal policy aimed at reducing inflation, then the government issues government bonds, which reduces the size of cash balances Commercial banks and individuals will limit the ability of banks to grant credit and provide money, and this will reduce the money supply and the overall domestic liquidity of the national economy (Abdul Hamid, 1991: 303)

Third: The basic components of the stock market

The stock market does not arise out of mere desire or the issuance of a decision by the competent authorities, but rather as a result of the availability of several basic components that represent the minimum monetary, political and security stability necessary to encourage investment and the flow of foreign capital, which can be clarified by the following points:

1- Existence of a flexible legislative and regulatory framework capable of constantly evolving to adapt to changes, which reassures investors and savers and provides the necessary protection for the rights of dealers, which leads to creating an atmosphere of confidence in the markets.

2- Clarity of the economic plan followed in the state, which defines its role for private capital.

3- Adopting policies that encourage savings and investment.

4- Availability of projects with economic feasibility and fragmented profitability, which allow the absorption of the offered capital.

5- The existence of financial and banking institutions of all specializations, which constitutes an integrated environment of financial institutions that allows the mobilization of savings and the generation of investment loans.

6- Providing a good network of dealers and intermediaries in the market (Elton et al., 2006: 260).

The second topic

Analyzing the reality of financial policy and the stock market in Iraq

First: Analyzing the relationship between some financial policy variables and stock market performance indicators.

Through the above table, we can say that some fiscal policy variables have an impact on the performance indicators of the stock market by affecting the borrowing policy, spending policy, and revenue policy. Stock market indicators, and with the aim of achieving economic stability, the state also addresses economic problems by following expenditure and administrative programs.

Also, in the case of inflation, it increases government revenues and decreases public expenditures. In the case of depression, the government increases public expenditures and reduces public revenues by following a tax policy and encourages tax reduction, and thus leads to an increase in incomes. (Kadhim, 2001: 2)

This policy is also drawn up according to the plans and requirements of the state, as well as the financial policy affects the stock market by affecting liquidity and interest rates, and the relationship between financial policy and interest rates is through the stock market, and the state also seeks to encourage the economy by implementing spending programs Public investment, as it increases production, income and employment, and this leads to an increase in demand on the national economy. For example, when the government cuts spending on education and transfers funerals to other investment activities that absorb unemployment, as well as in the event that total spending is not raised, spending on a particular activity is at the expense of Another activity and thus will affect the economic activities, and thus will affect the activity of those markets and their indicators.

As shown in Table (1), the increase in spending must be accompanied by an increase in revenues or internal debt, and this matter called for coordination between government spending and tax policy in order to improve the level of economic activity.

Here we explain the (1) financial policy indicators and some indicators of the performance of the Iraqi Stock Exchange for the period (2003-201)

growth rate%	Trading volume	growth rate%	general indicator	growth rate%	general revenue	growth rate%	overhead	the years
-	127687	-	24.35	-	32988850	-	31521427	2004
286.5	366811	87.4	45.644	22.8	40502890	-16.3	26375175	2005
-59.9	146891	-44.6	25.280	21.11	49055545	47.1	38806679	2006
190.9	427367	36.8	34.590	11.3	54599451	0.58	39031232	2007
-29.4	301350	7.68	85.360	46.9	80252182	52.2	59403375	2008
36.7	411928	72.8	100.860	-31.2	55209353	-11.0	52567025	2009
-2.8	400360	0.12	100.980	27.11	70178223	33.42	70134201	2010
135.1	941198	34.7	136.030	55.04	108807392	12.3	78757666	2011
-5.03	893825	-8.1	125.020	10.11	119817224	33.5	105139576	2012
218.3	2845425	-9.5	113.150	-4.98	113840076	13.3	119127556	2013
-68.3	901172	782.2	998.207	-7.44	105364301	-2.7	115937762	2014
-45.1	495112	-26.8	730.560	-36.9	66470251	-39.3	70397515	2015
4.2	515958	-11.1	649.480	-18.1	54409270	-4.73	67067434	2016
-25.0	386880	-10.6	580.540	42.2	77422173	12.6	75490115	2017
-41.9	22445	-12.1	510.120	37.6	106569834	7.13	80873189	2018

26.9	284813	-3.20	493.76	-0.9	105569686	64.5	133107616	2019

Prepared by the researcher based on the annual reports of the Iraqi Stock Exchange for different years

Second: Analyzing the financial policy indicators

1- General expenses:

Through Table (1), we notice that public expenditures witnessed an increase when they rose from (315,21427) million dinars in 2004, and then increased to (133107616) million dinars, with a growth rate of (64.5%), and public expenditures decreased in 2016 and amounted to (67067434) million dinars, at a negative rate of (4.73 -) and that the radical changes that Iraq witnessed left clear effects in creating pressure factors on the external public budget (such as international commitments related to debt rescheduling or agreements, especially with the International Monetary Fund).

2- General revenue:

Public revenues are the important aspect of the general budget because it collects various sources such as (taxes, fees, new cash issuance) in addition to the most important source of public revenues, which is oil revenues. 2004 and continued to rise, reaching (80,252182) million dinars in 2008, with a growth rate of (46.9%), and the reason for this rise is due to the changes that occurred in Iraq after 2003, Iraq came out of the siege and the sanctions that were imposed on it, after that revenues decreased to (55209353) million dinars in the year 2009, as the growth rate reached (-31.2%), due to the mortgage crisis in 2008 that affected oil prices, but usually to rise in different years until it reached (105569,686) million dinars in a year 2019 We note that the bulk of the public revenues come from non-tax revenues that depend mainly on oil revenues, with the tax revenues contribution weak.

Third: Analysis of financial policy indicators

1- General stock price index

We note from Table (1) that the general stock price index fluctuates between high and low, as the general average of it reached (4.295) during the research period if it decreased to (25,280) in 2006 and that the decline in the index is due to various reasons such as security instability And the problems related to citizens and the reluctance of the performance of joint stock companies, but it rose again if it reached (34,590) with a growth rate of (36.8%) after the application of the investment law, and it continued to rise during the following years, reaching its highest level (998,207) in 2014 and reflecting This rise is an improvement in the activity of investing in securities.

2- Trading Volume Indicator

This indicator expresses the extent of market liquidity and its development, and we note that the trading volume figures have taken between an increase and a decrease, as the trading volume amounted to (128000) million dinars in the year 2004, then it rose to (366811) million dinars in the year 2005 with a growth rate of (186.5%) due to Environmental and economic developments in Iraq, including the issuance of the investment law, which aims to encourage investment by attracting foreign and Arab capital by granting various facilities. The rise to (412928) million dinars in 2009 The growth rate reached (36.7%) due to the implementation of electronic trading activity in the market, which reached five sessions per week as of 11/1/2009, and it continued between rising once and declining again for a year 2019 as it rose to (284813000) million dinars and the growth rate was (26.9%), and the banking sector was the largest percentage during the research period, along with the industry and services sector.

The third topic

(Quantitative measurement of the impact of financial policy on the performance of the indicators of the Iraqi Stock Exchange)

In this section, we discuss the measurement of the relationship between the financial policy variables (public expenditures and public revenues) and the indicators of the Iraqi stock market (general index, stock prices and trading volume) after entering the data for the financial policy indicator and the stock market. The formula that was adopted in the standard analysis was obtained according to The statistical criteria that were used to estimate the relationship between the indicators

First: Drafting the form

Three standard models can be formulated as follows:

The third topic

)Quantitative measurement of the impact of financial policy on the performance of the indicators of the Iraqi Stock Exchange In this section, we discuss the measurement of the relationship between the financial policy variables (public expenditures and public revenues) and the indicators of the Iraqi stock market (general index, stock prices and trading volume) after entering the data for the financial policy indicator and the stock market. The formula that was adopted in the standard analysis was obtained according to The statistical criteria that were used to estimate the relationship between the indicators

Format the form

Three standard models can be formulated as follows:

The first model - (the special model - the general price index)

To measure the effect of the independent variable (public expenditures (X1)) on the dependent variable, the general price index (Y1), can be done through the formula of a regression model defined by the following mathematical function:

$$(Y_1)_i = f[(X)_i] + e_i, \quad i = 1,2, \ldots..n$$

The above equation can be reformulated according to the regression model shown below

$$(Y_1)_i = \beta_\circ + \beta_1(X_1)_i + e_i \quad i = 1,2, \ldots..n$$

where is e_i the random error term

$\beta_\circ, \beta_1$ Model Parameters

(X1) The independent variable in the study mode

And to estimate the parameters of the model under study, it will be based on the least squares method.

The second form (special form - trading volume)

To measure the effect of the independent variable (public expenditures (X1)) on the dependent variable, trading volume index Y2, it can be done through the formula of a regression model defined by the following mathematical function:

$$(Y_2)_i = f[X_i] + e_i, \quad i = 1,2, \ldots..n$$

The above equation can be reformulated according to the regression model shown below

$$(Y_2)_i = \beta_\circ + \beta_1(X_1)_i + e_i \quad i = 1,2, \ldots..n$$

where is e_i the random error term

$\beta_\circ, \beta_1$ Model Parameters

(X_1) The independent variable in the study model

And to estimate the parameters of the model under study, it will be based on the least squares method.

The third model for the general price index

To measure the effect of the independent variable (public revenue)(X_2) On the dependent variable, the general index of prices (Y_1) can be done through the formula of a regression model defined by the following mathematical function:

$$(Y_1)_i = f[(X)_i] + e_i, \quad i = 1,2, \ldots..n$$

The above equation can be reformulated according to the regression model shown below

$$(Y_1)_i = \beta_\circ + \beta_1(X_2)_i + e_i \quad i = 1,2, \ldots..n$$

where is e_i the random error term

$\beta_\circ, \beta_1$ Model Parameters

(X_{21}) The independent variable in the study model

And to estimate the parameters of the model under study, it will be based on the least squares method.

Fourth Form (Special Form - Trading Volume)

To measure the effect of the independent variable (public revenues ()) on the dependent variable, the trading volume index, it is possible through the formula of a regression model defined by the following mathematical function:

$$(Y_2)_i = f[X_i] + e_i, \quad i = 1,2, \ldots..n$$

The above equation can be reformulated according to the regression model shown below

$$(Y_2)_i = \beta_\circ + \beta_1(X_2)_i + e_i \quad i = 1,2, \ldots..n$$

where is e_i the random error term

$\beta_\circ, \beta_1$ Model Parameters

(X_2) The independent variable in the study model

To estimate the parameters of the model under study, the method of least squares will be used

Measure and analyze the impact of financial policy on the performance of the Iraqi Stock Exchange

The first model: measuring the impact of the public expenditure variable on the model year indicator.

To measure the effect of the independent variable (public expenditures) on the adopted variable (the general price index) according to the current study, the following hypothesis must be tested:

The main hypothesis of the independent variable (overhead)

H0: There is no significant effect of the variable public expenditures on the dependent variable, the general price index.

Against the alternative hypothesis:

H1: There is a significant effect of the variable public expenditure on the dependent variable, the general price index.

A set of results were extracted, as shown in the table below.

Table (2) represents the results of analyzing the effect of the independent variable (public expenditures) on the dependent variable represented by the general price index.

The	p-value	F Test	the decision	p-value	t Test	Impact	independent

coefficient of determination						parameter	variable
0.3893	0.00925	8.926		0.001	2.809	198.8**	fixed limit
			The effect is direct and moral	0.00329	2.988	07091**0.	X_1

Through the results presented in the table above, we find that the model studied above had a high ability to represent the phenomenon under study, and this is evident through the calculated F value, which amounted to (8.926), which is a significant and significant value at the level of significance (0.05, 0.01), and this is clear Through the (p-value) of the F-test, where the p-value was equal to (0.00925). In another context, it means that the calculated F value is greater than the tabulated F value. Through these results, we can judge the model as having a high ability to represent the phenomenon under study, that is, it means accepting the alternative hypothesis (that is, the chosen model represents the studied phenomenon the best representation) Thus, rejecting the null hypothesis ((that is, that the chosen model does not represent the studied phenomenon the best representation) and through the value of (R2 (the value of the modified coefficient of determination)) which is (0.3893). This means that the amount of changes taking place in the dependent variable (the general index of prices), which It was explained by the independent variable (public expenditures), which amounted to (38.93 percent).

From following the table above, we find that there is a direct and significant effect of the independent variable (public expenditure) in the dependent variable (general price index), where the value of the effect parameter was equal to 0.07091, with a t-test value of 2.988, and this value is considered a significant and direct value at the level of Significance (0.05, 0.01), and this is evident from the (p-value) of the t-test, where the p-value was equal to (0.0023), through these results we will reject the null hypothesis and accept the alternative hypothesis, meaning that there is (an effect with Significant significance of the variable public expenditures in the dependent variable (general price index) From the above data, we find that whenever the independent variable represented (public expenditures) increases by one unit, the dependent variable represented by (general price index) increases by 0.07291

2-Ahe second model: measuring the impact of public expenditures on the trading volume indicator.

To measure the effect of this independent variable on the dependent variable according to the current study, the following hypothesis must be tested:

The main hypothesis of the independent variable (overhead)

H0: There is no significant effect for the variable overhead in the dependent variable, trading volume.

Against the alternative hypothesis:

H1: There is a significant effect of the variable public expenditures in the dependent variable, trading volume.

In order to obtain a clear picture of the effect of the variable represented (public expenditures) on the dependent variable, the trading volume.

، a set of results were drawn, as shown in the table below.

Table (3) represents the results of analyzing the impact of the independent variable represented (public expenditures) on the dependent variable represented by the trading volume.

The coefficient of determination	p-value	Test F	the decision	p-value	Test t	Impact parameter	independent variable
0.03251	0.543			0.001	2.814	5.32**	fixed limit
		0.4704	The effect is direct and insignificant	0.5040	0.686	0.004347	X_2

Through the results listed in the table above, we find that the above study model did not have a high ability to analyze the variables of the phenomenon under study, and this is evident through the calculated F value, which reached (0.4704), which is a very small and insignificant value at the level of significance (0.05, 0.01) , and this is evident from the (p-value) of the F-test, where the p-value was equal to (0.543). In another context, it means that the calculated F value is smaller than the tabulated F value. Through these results, we can judge the model as having a weak ability to represent the phenomenon under study, that is, accepting the null hypothesis (that is, the chosen model does not represent the studied phenomenon the best representation) Thus, he rejected the alternative hypothesis that states ((that is, the chosen model represents the studied phenomenon the best representation).

Through the value of (R2 (the value of the modified coefficient of determination) which is (0.03251). This means that the amount of changes in the dependent variable (the trading volume index), which was explained by the independent variable (overhead expenses) amounted to (3.251%) From following up on the above table, we find that there is a direct and insignificant effect of the independent variable (public expenditures) on the dependent variable (trading volume index), where the value of the effect parameter was equal to 0.004347, with a t-test value of 0.686, and this value is considered a non-significant value. and direct at the level of significance (0.05, 0.01), and this is evident from the (p-value) of the t-test, where the p-value was equal to (0.543), through these results we will accept the null hypothesis and reject the alternative hypothesis, meaning that there is (There is no significant effect of the overhead variable on the dependent variable, the trading volume index).

Conclusions

1-Public expenditures and public revenues are considered among the most important factors that affect the indicators of the Iraqi stock market, and thus the market management must collect information and data related to the financial policy variables.

2-One of the objectives of the fiscal policy is to coordinate between public expenditures and public revenues in order to achieve economic stability and optimally use resources and distribute them to low-income earners.

3 -The economy of any country can be measured through the development of the stock market and its indicators and listed companies as they reflect the economic sectors in the country

4 -The results of the model indicate that there is an inverse relationship between the public revenue index and the trading volume index, especially when the government finances through increased taxes that affect the size of companies' income and thus a decrease in individuals' appetite for buying shares.

Recommendations

1- Activating the role of fiscal policy in Iraq through reforming the structure of public expenditures through undertaking projects that contribute to reducing dependence on oil as a major source of public revenue, as well as providing the appropriate climate to attract investments, as well as adopting the latest technological means.

2 - The development of the market through the diversity of traded instruments and the expansion of the issuance of new securities because the financial market is a lender for the government.

3-Leniency in dealings with rates of foreign ownership of companies listed in the stock market and encouraging investment by attracting a number of investors, as well as issuing low-priced government bonds.

4- Dealing with modern and advanced means through which it is possible to promote the Iraqi stock market and make it compete with other financial markets, strengthen ties with foreign markets, and activate transparency with regard to companies' data in the market

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