

# **WHAT IS THE IMPACT OF THE POLITICAL CRISES ON THE MARKET FOR TURKISH ART?**

# INTRODUCTION

Recent developments in Turkey highlight the volatility of its art market. In this report, we investigate how political crises have shaped the price of Turkish art, and what price developments we can expect in the future. Using the artnet Price Database and Analytics Reports' monthly price indices for Turkish art, we can observe a strong relationship between political instability and drops in Turkish art prices internationally. The influences on global prices for Turkish art include recent country-wide economic developments, local and regional political stability, confidence in Turkey's economic engine, and the overall conditions of the global art market. While shifting dynamics make Turkish artists' prices unpredictable, the recent history of prices for Turkish art can be broken down in four main periods, each corresponding to political developments in Turkey.

Prior to 1997

**ISLAMIC  
CONSERVATISM,  
ECONOMIC  
& POLITICAL  
UNCERTAINTY**

Prior to 1997, art prices in Turkey had remained remarkably flat. Political conditions were challenging, and the overall financial situation of Turkey was not conducive to the development of the arts. As the economy struggled, the Turkish government did not consider art a priority and limited capital inflows and exports hindered the expansion of Turkish art outside the country. Between 1992 and 1996, art prices grew only 25%, while in comparison during that same period stock prices almost tripled. Art prices were not reacting to political change, mainly because the art market was niche and independent, uncorrelated to the Turkish economy.

# TURKISH ART MONTHLY PRICE INDEX



Figure 1. Monthly price index of Turkish art and political events in Turkey. Source: artnet.

1997 to 2002

# **REFORMED CONSTITUTION & FREEDOM OF SPEECH**

Following the ban of the Islamic Party from power in 1997, reforms were implemented by the neoliberal Motherland Party and the Democratic Left Party. Art prices benefited substantially from these new reforms, as well as the renewal in economic activity and freedom of speech in Turkey. The 1997 reform guaranteed that religious inference would be kept at bay, and was intended as a way to promote both freedom of speech and secularism. The contemporary art landscape began developing during this period as new institutions appeared, mainly galleries, that promoted contemporary art and a scene adapted to the Turkish public, mostly in a very Europeanized Istanbul. Prices for Turkish art grew 75% during the 1997 to 2002 period.



Sukran Moral

(Turkish, born 1962)

*Hamam, 1997*

chromogenic print in artist's frame

90.5 x 100 cm. (35.6 x 39.4 in.)

Sale of Sotheby's London: Thursday, April 15, 2010

Contemporary Art/Turkish

15,475 USD



Figure 2. In 1997, constitutional reforms in Turkey banned the Islamic Party and encouraged freedom of speech, promoting new expressions in the arts.

2002 – 2011

# **ECONOMIC REFORMS & STRUCTURAL CHANGES**

The AK Party was established by former members of the banned Islamic party, including Recep Tayyip Erdogan. This new party promoted structural reforms and economic progress, openness to foreign investments, and a series of infrastructural improvements. For 10 years, these economic reforms led to fast economic growth, and the art market directly benefited from these new policies as a new generation of enriched entrepreneurs began to consume art. In 2005, Contemporary Istanbul became the first international art fair in Turkey, enjoying free flows of capital. Turkish art prices maintained their ascension and Modern Turkish artists such as Zeid Fahrenissa, Orhon Mübin, or Çalli Ibrhaim began commanding five-figure prices at international auctions.

**Fahrelnissa Zeid**

(Turkish, 1901–1991)

*Composition*

oil on canvas

145 x 200 cm. (57.1 x 78.7 in.)

Sale of Beyaz Müzayede: Saturday, November 6, 2010

Modern and Contemporary Art

470,990 USD



Figure 3. The economic reforms by Erdogan's AK Party led to significant economic growth and new records were set at Turkish art auction.



# **ARAB SPRING, PROTESTS & CONSERVATISM**

Just when the art market peaked in 2011, the Arab Spring halted its progress. Turkey's neighbor, Syria, fell into civil war, and Erdogan won a third term as prime minister following a campaign based on conservatism and the image of a strong man in face of adversity. The regional uncertainty sent negative signals to the art market and the consumption of art slowed down, sending Turkish art prices into a downward spiral. Political dissatisfaction in Istanbul thus triggered protectionist measures by the Turkish government. The rights that were supposedly granted by the 1997 constitutional reforms were perceived as under threat by a large portion of the population, especially the secularists and leftists who organized country-wide protests in 2013. These protests projected a negative image of Turkey abroad, further diminishing the appeal of Turkish art for foreign collectors. In 2014, the situation worsened when Erdogan became president: instead of maintaining the traditional presidential neutrality, he vowed to continue intervening in government affairs. By February 2016, prices of Turkish art had returned to their 2007 levels, and almost 10 years of economic progress and openness were undone.

# THE FUTURE

The economic engine of Turkey relies on foreign investments and being open to trade. It came under threat of a deteriorating image on the international scene, and the recent failed military intervention further highlights these internal tensions. Efforts made by the central bank to support the Turkish lira and, by extension, the purchasing power of Turkish citizens, may not be effective enough to support luxury consumption such as art. As far as a possible downfall is concerned, the 2011 Arab Spring proved that prices of Turkish art can sustain rapid and massive deflation, with a 20% to 40% drop in just a few months. Unless the government manages to significantly further promote growth as well as both regional and local stability, it is unclear which factors could drive Turkish art prices from its current lows to higher levels.

# CONCLUSION

In 1997, Turkey banned a political party it deemed too religious, thereby guaranteeing freedom of speech and secular freedom to its citizens. This unleashed a renaissance of artistic expression and the blossoming of a vibrant contemporary art market. The AK Party's economic reforms turned Turkey into a global economic player, and between 2002 and 2011 the growing economy provided a fertile ground for capital inflows, the consumption of art, and the inflation of art prices following increased demand by enriched foreign and domestic art collectors. Unfortunately, the Arab Spring of 2011 and subsequent protests in 2013 have raised uncertainty. Prices dropped from their 2011 high and may not recover as long as political uncertainty prevails.

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