

# 10 ICONIC COMPANIES THAT WERE BORN DURING A RECESSION

In this timeline, we feature companies that were born during a recession and against all odds became iconic brands



1837

## The Panic of 1837

It was a financial crisis in the United States that started a major recession that lasted until the mid-1840s. Historians have typically attributed it to a real estate bubble and erratic American banking policy.



1837

## P&G

In the Panic of 1837, candle maker William Procter and soap maker James Gamble joined forces to start a small household-goods business in Cincinnati, a risky move as it was at the start of a financial crisis. But they survived this trial by fire. Today, the company is present in 80 countries, has 135,000 employees and has recorded \$79 billion in sales.

1873

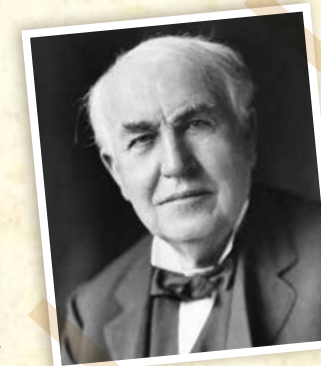
## Panic of 1873 - Long Depression

The Panic of 1873 began when the major investment firm Jay Cooke and Co. collapsed, causing the NYSE to shut down for days. The ensuing financial crisis lasted for six years. Economic conditions continued to remain poor until 1896.



## GE

Thomas Alva Edison, the inventor of the light bulb, developed the first dynamos — devices that convert mechanical energy into electrical energy — in 1879. By 1882, Edison had entered the power generation business by forming the Edison Electric Illuminating Company. In 1892, GE was born after the merger of Edison's company with Thomson-Houston Company, another prominent manufacturer of dynamos and electric lights. Today, GE is present in more than 170 countries with 307,000 employees and revenues of \$146 billion.



1892

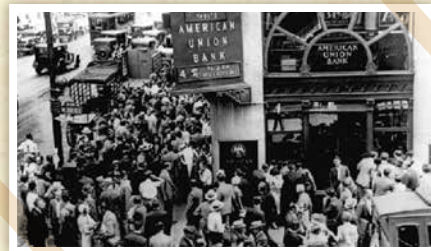
1908



## GM

William Durant, leading horse carriage maker, tried his luck with a new technology — the automobile. It became a holding company for Buick and Oldsmobile, later acquiring Cadillac and Oakland, today known as Pontiac. Though it led global vehicle sales from 1931 to 2007, it declared bankruptcy on June 1, 2009. In 2010, the reorganized GM made one of the world's 5 largest IPOs ever and returned to profitability, with \$155.42 billion in revenue in 2013.

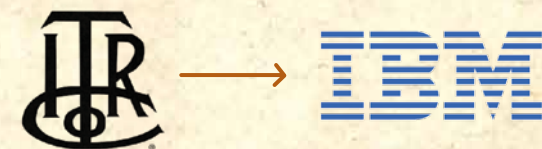
1907



## The Panic of 1907 (Banker's Panic)

It was a financial crisis that took place in October 1907 where the failed attempt to rein in the stock price of United Copper Company led to a series of bank runs and national panic. The failure of the banks and the trusts, particularly the Knickerbocker Trust Company in New York, led to a crisis of faith in the banking system throughout the United States.

1896



## IBM

Three startups — the Tabulating Machine Company, the International Time Recording Company and the Computing Scale Corporation — developed technologies during this 23-year period that were in demand despite the weak economy. These three companies merged later to form the Computing-Tabulating-Recording Company, which changed its name to IBM several years later.

1920

## Depression of 1920-21

It was an extremely sharp deflationary recession in the United States, shortly after the end of World War I. Returning troops adding to the civilian labor force, a decline in labor union strife and changes in fiscal policy, among others, were the contributing factors.

1923



## Disney

Founded on October 16, 1923, by **Walt and Roy O. Disney** as the Disney Brothers Cartoon Studio, it became a leader in the American animation industry before diversifying into live-action film production, television, and theme parks. Disney created Mickey Mouse in 1928. Soon, *Snow White and the Seven Dwarfs* went on to become the highest-grossing film of that time.

1953

## The Post Korean War Recession of 1953

The recession from 1953 to 1954 occurred because of a combination of events during the early part of the 1950s. It was demand-driven because of a dramatic change of interest rates that led to an increase in pessimism about the economy.

1954

## Sports Illustrated

Developed by Henry Luce, the creator of *Time magazine*, the first issues lacked focus, covering both popular spectator sports and elite activities such as rugby. Hence, the magazine struggled in its initial years. After 1960, when Andre Laguerre took over as managing editor, *Sports Illustrated* focused on premier sporting events, allowing people to read more about what they had seen on television or read about in newspapers. It sells about 3 million copies in the US each week.





1971

### The Nixon Recession 1971-75

It began in 1969 with **US President Nixon** facing re-election. He had inherited a recession from Lyndon Johnson, who had simultaneously spent generously on the Great Society and the Vietnam War. Congress continued to fund the war, and increased social welfare spending. Nixon's other economic volte-face was imposing wage and price controls in 1971, which ultimately led to double-digit inflation. Then he took US off the gold standard in response to a run on the gold held at Fort Knox. However, this created inflation as the price of gold skyrocketed to \$120 an ounce and the value of the dollar plummeted. The result was stagflation and three consecutive quarters of negative growth.



1957

### Hyatt Hotels

Hyatt was founded by Jay Pritzker in 1957 when he purchased the Hyatt House Motel adjacent to the Los Angeles International Airport. Jay Pritzker and his brother Donald Pritzker grew the company into a North American management and hotel ownership company, which became a public company in 1962. In 1968, Hyatt International was formed and subsequently became a separate public company.

1957

### The Eisenhower Recession of 1957-58

The US government tightened monetary policy to years prior to the recession to curb inflation, but prices continued to rise in the US through 1959. The sharp worldwide recession and the strong US dollar contributed to a foreign trade deficit.



1980

### CNN



Founded by Ted Turner, it was the first all-news channel to provide 24-hour coverage. It expanded to a number of cable and satellite TV channels. Three major events helped shape its destiny. First, the only live television coverage of the launch and explosion of space shuttle *Challenger*; second, the rescue of 18-month-old toddler Jessica McClure, showcasing the impact of live video news and third, the Gulf War in 1991 where they were the only news outlet with the ability to communicate from inside Iraq during the initial hours of the aerial bombing.

1981

### MTV

Its original purpose was to play music that was not played by local radio stations. The launch aired footage of the countdown of the space shuttle *Columbia* and *Apollo 11*, and photos of *Apollo 11* landing on the moon with a flag featuring MTV's logo. It was acquired by Viacom in 1985 and has now become one of the biggest pop culture influences throughout the world.

1971

### FedEx

Recognizing the need for fast and efficient airfreight delivery, owing to a stint in the Army, Frederick W. Smith purchased a controlling interest in Arkansas Aviation Sales and founded Federal Express, now known as FedEx. On the first day of business itself, FedEx managed to deliver 186 packages across 25 cities in the US.



1975

### Microsoft

Microsoft was formed soon after the introduction of the Micro Instrumentation and Telemetry Systems (MITS) Altair, the first 'personal computer,' a build-it-yourself kit for hobbyists. Bill Gates and Paul Allen seized the opportunity to transform this early PC into a breakthrough — the Altair needed software, a programming language that could make it perform useful computing tasks. Gates was a Harvard dropout and began dealing with rudimentary computing languages. It was MS-DOS that changed the course of Microsoft's history.



1980

### Early 1980s recession

The recession from the late 1970s spilled over to the early 1980s. While the US and Japan exited the recession very early, OECD nations continued to face high unemployment. It was partially driven by the Iranian oil embargo which reduced US oil supplies, driving up prices. In response to this, the Fed raised interest rates to combat inflation, which in turn reduced business spending. The second quarter of 1980 was the worst since the Great Depression until the 2008-09 Recession.



1976

### Apple Inc

Apple Inc, formerly known as Apple Computer, was founded by Steve Jobs and Steve Wozniak in California. Both had been friends since high school and had kept in touch despite dropping out of school and working for Silicon Valley companies. Wozniak had been dabbling in computer design and soon, on Jobs' insistence, he designed Apple I. But, it was not until the debut of Apple II at a trade show in 1977 that Apple really took off. Apple's fortunes had been tied to its founders, especially Jobs, since the inception. On October 5, 2011, Steve Jobs died from pancreatic cancer.

2000

### Early 2000s recession

It affected the EU in 2000 and 2001 and the US in 2002 and 2003. Though not that significant, it was predicted by economists because the boom of the 1990s (accompanied by both low inflation and low unemployment) had already ceased in East Asia during the 1997 Asian financial crisis. Economists later objected to the period being called a recession because industrial output shrank only for two quarters.

2001

### Wikipedia

It was born during the recent post-9/11 recession. Established in January 2001 by Jimmy Wales and Larry Sanger, the idea for the free-as-in-freedom online encyclopedia was proposed by Richard Stallman in December 2000. As of December 2014, Wikipedia includes over 34 million freely usable articles in 288 languages written by over 50 million registered users and numerous anonymous contributors worldwide.

