

# **Evolving ‘collective memory’: The Glass-Steagall Act and varying interpretations of the Great Depression**

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## Abstract

This article seeks out to better understand how collective memories are established, maintained, and transformed over time. This conceptual contribution will be developed through an examination of how the Banking Act of 1933, today better known as the Glass–Steagall Act, reinforced a particular interpretation of the Great Depression. From its passage in 1933 to its abolishment in 1999 with the Financial Services Modernization Act (also known as the Gramm–Leach–Bliley Act), the Glass-Steagall Act relied on an understanding of the Depression as being primarily caused by conflicts of interest resulting from the equivalence of banking institutions and security dealers which greatly inflated security prices before their eventual collapse. Hence, why it legislated a strict division between investment and commercial banking. Even though this interpretation has always been highly contentious, it contributed to making this a dominant explanation and memory of the Great Depression. This dominance was subsequently further supported by the fact that it was continually reproduced in the popular media over the following decades. A noticeable change started to occur from the 1980s onwards, when Glass-Steagall began to be regarded as outdated by many commentators. However, it took until the end of the 1990s for the repeal to be accomplished. The 2007–8 Global Financial Crisis once again revived the debate around Glass-Steagall. This paper demonstrates that while the reproduction of particular memories of the Great Depression through Glass-Steagall and portrayals in the popular media served to provide an appearance of uniformity and stability, the lessons to be drawn from the Great Depression and the role which Glass Steagall played in its evolution had always been contentious than is generally acknowledged.

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