Title: Passionate Destruction: An Examination of the Long-Term Effects of Glass-Steagall
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The split of the investment and retail forms of banking legislated by the Glass-Steagall act in the United States seemed at the time and currently to be a good decision. In the late 1800s and early 20th century, banks have played a key role in sponsoring corporate ventures, in a business environment where capital was scarce. What this meant was that banks held a huge amount of power over business development, and by extension much of the US economy. It makes sense, then, that when the big banks failed in 1929-1933, the argument that “banks should go out of the governing business”, first articulated by William Jennings Bryant in his "Cross of Gold' speech, would lead to a deconstruction of banker control. What then, has been the outcome of this decision? If the goal was to make the commercial banking and corporate underwriting sectors less powerful, that largely was done. But if the goal was to create more stable markets and prevent catastrophes like the Great Depression from happening again, this was less successful. If we take a closer look at changes which occurred during the mid to late 20th century, and analyze functions of investment and retail banking in a vacuum, in the end, it was outside forces not related to regulations that ended the dominance of the banks, and the split of the two sectors may have done more harm than good.

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