



## PAYING FOR THE WAR

The British government spent as much during the years between 1914 and 1920 (£11,268,000,000) as it had during its prior 226 years, 1688–1914 (£10,944,000,000, not adjusted for inflation). By 1920, the British war debt was £8,079 million. Although the war burden was borne in part by income and other tax revenues, they only covered between 20 and 30 percent of the costs (depending on the year). Other means to raise revenue were needed.

Originally the government issued treasury bills, liquid short-term investments bought by private investors. As the amounts issued rose, however, the volume became unmanageable, and the government instituted the war loan program, issuing six bonds between March 1, 1915, and February 1, 1919. The first loan, issued below par to provide an incentive to purchasers, paid 3.5 percent interest, matured in 1928, and raised £340,600,000.

The War Savings Certificates program encouraged participation by selling certificates, which came in several denominations and were tax exempt, on the installment plan.

When the United States entered the war in 1917, it extended credits and cash advances to Britain and its allies, totaling about \$4,277,000,000, thereby partially alleviating the problem of paying for the war.

Posters promoted war bonds and war certificates by showing that the state was financially sound so that buying bonds was not only patriotic but a good investment. Also focusing on the idea that buying war bonds helped the troops and one's own family, the posters personalized the fund drive. Some posters used guilt, others, pride to encourage donations, just as the enlistment posters did. If one could not join up and fight, then the next best thing was to contribute financially.

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