

Harold Holt: an urbane treasurer

John Hawkins¹

Harold Holt is regarded as one of the most amiable and diligent treasurers. His reputation as treasurer was enhanced by strong economic growth and low inflation and unemployment, although the 1961 credit squeeze was a blot in his copybook. He oversaw the establishment of the Reserve Bank and the smooth introduction of decimal currency. Sadly his career as treasurer and prime minister was overshadowed by the political difficulties in his last year and the tragic circumstances of his death.



National Library of Australia nla.pic-an12266436.v1
Source: National Library of Australia.²

-
- 1 The author formerly worked in the Domestic Economy Division, the Australian Treasury. This article has benefited from comments and suggestions provided by Selwyn Cornish, Tom Frame, Ian Hancock and Terry Larkin. The views in this article are those of the author and not necessarily those of the Australian Treasury.
 - 2 'Portrait of Harold Holt, M.H.R. for Fawkner, Victoria', Bib ID: 1020573.

Introduction

The Right Honourable Harold Holt was renowned for amiability rather than intellectual rigour; a 'thoroughly decent man', a bon vivant with 'a ready smile and natural charm'.³ Enid Lyons, however, saw 'greater depths of character than appeared on the glossy surface'.⁴ Holt was 'not a natural orator'.⁵ He had 'a capacity for calmness in situations where others may have been disposed to panic'.⁶ He placed particular importance on loyalty.⁷ Menzies recalled of Holt 'his besetting sin – he wanted everyone to love him'.⁸ Perhaps this reflected that he 'never received the parental affection he appeared to crave'.⁹

Sadly 'the circumstances of his death came to overshadow the achievements of his life'.¹⁰ It was rumoured he had once prophesied that he would not live to sixty and that this drove him to try to achieve before then.¹¹ His wife recalled that as treasurer Holt 'never had one holiday at all ... or even a weekend when he didn't work'.¹² He kept himself fit and projected an image of vitality. He had 'astonishing stamina'.¹³

Holt's early life

Holt was born in Sydney on 5 August 1908. His father was then a schoolteacher, but he subsequently pursued a career as a hotelier, theatrical manager, filmmaker and radio

-
- 3 Hancock (1996). Among his cabinet colleagues, Spender (1972, p 29) recalled 'a great mixer who loved life intensely'. Snedden and Schedvin (1990, pp 66, 257) recalled 'a very charming man'. Perhaps more telling, political peers from outside the Liberal Party shared this view. Fadden (1969, p 150) recalled him as 'one of the kindest men I knew in politics'. Whitlam called him 'tolerant, humane and broad-minded ... a truly civilised human being'; *Hansard*, 12 March 1968, p 13. Similar views are expressed by those outside parliament who knew him; Golding (1996, p 227), Fricke (1990, p 174) and Horne (1967, p 26). He was not without some vanity; by the 1960s his speeches in parliament were prepared on a special jumbo script typewriter so he could avoid wearing glasses while reading them.
 - 4 Lyons (1972, p 25), She cited 'his scholastic attainments and the substance of his speeches'.
 - 5 Pemberton (2003, p 57), with whom Hughes (1976, p 167), Lyons (1972, p 25), Reid (1969, p 17) and Whitington (1972, p 124) agree.
 - 6 Frame (2005, p 125). Holt's greatest inspiration was Kipling's poem "If".
 - 7 Rodan (1977, p 287).
 - 8 Menzies interviewed in 1974; *The Age*, 28 November 1979, p 9. Coombs (1981, p 270) referred to Holt as 'too nice a person to exercise power effectively'.
 - 9 Clark (1973, p 246).
 - 10 Peter Costello, another member for Higgins, deputy Liberal leader and long-term treasurer; in his forward to Frame (2005, p ix).
 - 11 E. Holt (1969, p 139). His father had died before sixty. Holt himself died aged fifty nine.
 - 12 Z. Holt (1968, pp 35, 75). Hughes (1976, p 167) called him 'a hard worker, obsessive perhaps'.
 - 13 Hancock (2000, p 283); Warrender (1973, pp 147-8). Horne (1967, p 29). Holt could survive on little sleep; Hancock (2002, p 169) and Larkin and Baker (1968, p 13).

station manager; divorcing Harold's mother Olive when the boy was ten,¹⁴ and moving around a lot. As a result, Harold was sent to boarding schools, briefly at Abbotsholme where he met another future treasurer William McMahon, and later at Wesley in Melbourne. He studied law at the University of Melbourne, graduating in 1930. Holt was a member of the university debating team and appeared in amateur theatrical productions. He also captained his college in cricket and represented it in tennis and football. Holt was admitted to the bar but the depression was a difficult time to start a career as a barrister so he began practising as a solicitor.

Holt showed an interest in politics at university. His wife recalled him saying 'I'm not interested in making money. I only want to get things done'.¹⁵ Holt became a member of the Young Nationalists, of whom Menzies was a leading light.

Into federal parliament

Holt stood unsuccessfully for the United Australia Party in the 1934 election against former prime minister and treasurer Jim Scullin, and contested another Labor seat in the Victorian state elections. Helped by support from Menzies, he was preselected for a safe federal seat in 1935, entering parliament as its youngest member at a by-election as the member for Fawkner, which he held until he transferred to the new seat of Higgins in 1949.

Early on he supported funding to relieve unemployment, particularly youth unemployment.¹⁶ The promotion of physical fitness was another common theme.¹⁷ Holt sponsored the formation of a National Fitness Council. He also found time to give women fashion advice, warning that short dresses 'are anything but subtle and frequently unbecoming' and recommending pastel coloured summer frocks.¹⁸

In 1939 he became an assistant minister to Casey at the new Department of Supply and Development, at the age of 30 one of the youngest ministers there had been. But when Menzies re-formed the coalition in March 1940, Holt had to be dropped to make space for a Country Party minister.

14 Holt's mother died when he was sixteen.

15 Z. Holt (1968, p 33).

16 He argued the government could create employment in two ways; 'first, it can create an atmosphere in which private industry can flourish, and thus of itself create employment, and, secondly, it can grant financial assistance to the States for works which, most effectively, will help to improve the employment situation'; *Hansard*, 14 May 1936, p 1749. He also discussed youth unemployment in his speech on the budget; *Hansard* 14 October 1936, pp 1101-4, and in parliamentary speeches on 17 June and 2 September 1937.

17 eg *Hansard*, 14 October 1936, pp 1105-7.

18 *Table Talk*, 22 April 1937, p 11.

Holt then enlisted for military service and trained as a gunner but after the death of three ministers he was recalled to Canberra by Menzies before having the chance to serve overseas. After the September 1940 elections he joined cabinet as minister for labour and national service. Menzies resigned as prime minister, with Holt in his first and only act of disloyalty not offering him support. Holt continued as a minister in the Fadden Government until it fell in October 1941. The secretary of his department in 1941 was the 'rising star' Dr Roland Wilson who made a 'formidable team' with Holt.¹⁹ In March 1941 Holt introduced national child endowment.²⁰

While in opposition Holt was the Liberals' main spokesman on industrial relations. He also often spoke on economic issues. While admiring Chifley the man, he criticised Chifley's first budget for taxing companies excessively.²¹ He criticised later budgets for taxing employees excessively.²² Unusually for a leading politician in a free enterprise party, Holt argued that, at least in a wartime context, 'the Government should determine what is a fair price for a company to charge for its products. Then if such a company can, by raising its efficiency and applying greater skill and energy to its problems, increase its profits, whilst at the same time maintaining a fair price to consumers, the Government should encourage its activities...'.²³ He also called for government finance to be provided at low interest rates to facilitate the construction of housing.²⁴

After the defeat of the Chifley Government in December 1949, Menzies again appointed Holt as minister for labour and national service. From 1949 to 1956 he was also minister for immigration and in addition had ministerial responsibility for the 1956 Melbourne Olympics.

Holt announced his candidacy for the deputy leadership of the United Australia Party after the 1943 election defeat but withdrew when Hughes stood. When the post

19 Frame (2005, p 24). Menzies had also identified Wilson's ability and planned to ask him to be his economic adviser but Holt got in first; Cornish (2002, p 23).

20 The payments covered all but the first child. In his speech Holt went back to a speech by Pitt the Younger in 1795. He also quoted Keynes' *How to Pay for the War* to justify introducing the measure during wartime; *Hansard*, 27 March 1941, pp 338-9. Fadden as acting prime minister gave the responsibility of introducing the legislation to Holt as 'it would be to his great advantage to be associated at this stage of his career with such a major measure'; Fadden (1969, p 149).

21 *Hansard*, 5 November 1941, p 104.

22 For example, speaking on the 1944 budget, he said 'men of all walks of life are refusing to give of their best because they would reap no personal reward'; *Hansard*, 19 September 1944, p 968. When a Labor member referred to the 1945 budget as 'scientific', Holt retorted that it was 'as about as scientific as a meat pie and its ingredients are equally dubious'; *Hansard*, 19 September 1945, p 5587.

23 *Hansard*, 5 November 1941, p 104.

24 *Hansard*, 2 October 1945, p 6259.

became vacant again in 1944 Holt did not stand. By 1949 Holt ranked fourth in the cabinet, behind only the leadership team. In 1956 he became deputy leader of the Liberal Party, confirming him as Menzies' likely successor, and leader of the house.²⁵

Holt married Zara Fell (nee Dickens) in 1946. They had courted as students but she had gone abroad and married in the interim, publicly resuming their relationship after her divorce.²⁶ Zara contributed to maintaining the Holts' lifestyle with her successful fashion business and in time her 'exuberant candour and breezy, effervescent modern style' made her probably the best-known prime ministerial consort since Enid Lyons.²⁷

Treasurer

When Fadden retired in December 1958, his successor as Country Party leader, McEwen instead stayed as minister for trade and Menzies appointed Holt as treasurer. Views differ about whether McEwen was offered the treasurer's job but preferred to stay at trade (as McEwen himself claims) or whether, as Roland Wilson recalls, it was more a case of a distrustful Menzies not offering it.²⁸ In terms of interest, Treasury may not have been Holt's preference. Holt's biographer said 'Treasury was not a portfolio which intrinsically interested Holt ... Holt's experience in economic matters was limited'.²⁹ Holt was, however, keen to take the job lest someone else use it to establish themselves as a rival successor to Menzies as prime minister.³⁰ Holt gave up gambling on the horses when he became treasurer; perhaps concerned at the image it would create or perhaps regarding taking the job as a political gamble itself.³¹

After almost two decades Holt was reunited with Wilson, 'a source of strength for him'.³² Indeed Holt was blessed by the array of talents advising him, with his tenure coinciding with the peak of both Treasury's power and that of the public service

25 There had been speculation about his imminent succession as far back as 1951; Frame (2005, pp 54, 57) and West (1965, p 225). Menzies seriously contemplated retirement in 1961 but believed Country Party leader McEwen would then seek the leadership of the coalition, and when the Liberals denied it to him would refuse to serve under Holt and split the coalition; Menzies and Henderson (2011, p 89).

26 It is widely believed her twin children had been fathered by Holt; Frame (2005) and Hancock (1996). Holt had also dated Lola Thring, daughter of his father's business partner (and sister of flamboyant actor Frank Thring), but she not only rejected Holt but married his father.

27 For accounts of Zara's life, see her autobiography, *Z Holt* (1968), and Langmore (1992).

28 McEwen and Jackson (1983, p 57), Golding (1996, p 128), Reid (1969, p 34), Frame (2005, p 99) and Costar (1995, p 103) give conflicting accounts.

29 Frame (2005, p 100). Larkin and Barker (1968, p 17) suggest 'his real love was external affairs'.

30 Reid (1961, p 12).

31 Reid (1961, p 12).

32 Nugget Coombs (1981, p 270). A future treasurer called Wilson 'probably the most able and cleverest man the public service has ever employed'; Bury (1975). See also Cornish (2010a) and recollections of Treasury colleagues in *Treasury* (2001, pp 57-59).

'mandarins'.³³ Other than Wilson, Holt's main advisers were Treasury deputy secretaries Richard Randall and Lenox Hewitt.³⁴ Also influential were some economists in the Prime Minister's Department; Wilfred Salter and Ron Gilbert. The academic Trevor Swan was also drawn on.³⁵ Reserve Bank governor Coombs was less influential than he had been with Fadden.³⁶

Views differ about how Holt's appointment was received within Treasury. Hasluck recalled 'Roland Wilson and Len Hewitt...did much doleful head-shaking in anticipation of Holt's appointment ... [but] they did come to regard him as one with whom they could work satisfactorily'.³⁷ Another account says 'Treasury generally approved of the appointment: Holt had the requisite seniority and skill in cabinet to win a brief, and he did not have a dangerously independent mind or a personal agenda'.³⁸

In contrast to most of his predecessors (notably the anglophile Menzies), Holt 'travelled widely throughout south-east Asia, where he believed Australia's economic future lay'.³⁹ He enjoyed the travel, commenting 'finance ministers - who normally must exhibit the professional gloom of the undertaker - are never happier than when exclusively together'.⁴⁰

Holt expressed the focus on economic growth that characterised Treasury; 'growth is our watchword as a government on behalf of the people of Australia. It is also the password for the sentry at the gate to our security and our prosperity'.⁴¹ With macroeconomic conditions stable, Holt concentrated in his 1963 budget speech on measures to promote longer run economic development, including by 'direct aids and incentives to private enterprise'.⁴²

The resources sector expanded with the opening up of iron ore mines. Holt referred to recently 'discovered mineral wealth beyond our dreams' and expected to soon draw on nuclear power.⁴³ Treasury was even more enthusiastic, referring to 'the greatest

33 Cornish (2010a).

34 The upper ranks of Treasury were remarkably stable, with Wilson (appointed secretary back in 1951) and Randall holding their posts for the whole time Holt was treasurer.

35 Martin (1999, p 431).

36 This was partly a matter of geography; the Queenslander Fadden often stopped off in Sydney on his way home from Canberra but the Melbourne-based Holt was less often there.

37 Hasluck (1997, p 128).

38 Hancock (1996).

39 Warrender (1973, p 150). Horne (1967, p 26) describes Holt as developing a 'feeling for the Asian-ness of Australia'.

40 Holt, referring to a London conference in his diary, 11 September 1962, NLA MS 8431.

41 Holt (1967, p 3). By contrast the Reserve Bank was more concerned about avoiding inflation.

42 *Hansard*, 13 August 1963, p 10.

43 Holt (1967, pp 4 and 17).

breakthrough in point of resources since the crossing of the Blue Mountains a hundred and fifty years ago'.⁴⁴

Early budgets

Holt inherited a strong economy. Real GDP expanded by over 7 per cent in 1958-59. Many economists, including in Treasury, were coming to regard inflation as the greater medium-term economic challenge than maintaining full employment.⁴⁵ Wages, property prices and equity prices all accelerated through 1959.

Holt's first budget, in August 1959, was dubbed the 'give and take' budget. It added to the inflationary pressures by introducing a 5 per cent rebate on income tax and raised pensions, but increased postal charges. Holt observed that it was criticised both for its supposed timidity and its alleged recklessness.⁴⁶

Holt's first budget employed Keynesian language. He said of the 1963 budget that 'given unused plant capacity ... the budget should have a strong expansionary effect'.⁴⁷ In his 1965 budget he said 'some years it appears right that, to stimulate expansion generally or in some sectors, expenditure ought to be allowed to rise ahead of receipts, in other years there should be some check on the rate of increase in demand'.⁴⁸

1961 credit squeeze

With inflation reaching 4½ per cent in 1959, Treasury became increasingly concerned and made these concerns public.⁴⁹ In February 1960 import licensing was abandoned, at least in part as an anti-inflationary measure, but the balance of payments started to deteriorate. While Treasury and the Reserve Bank were pushing hard by early 1960 for tighter fiscal policy, little was done until the budget, when Holt announced the abolition of the 5 per cent rebate on income tax and increase in company tax.⁵⁰ In

44 Cited in Whitwell (1986, p 149).

45 Whitwell (1986, pp 124-5). Treasury (1960, pp i, 27) says 'what appears necessary for a greater success is a more general resolve to resist inflation as an evil in itself and a threat to the continuation of steady expansion...any degree of inflation is harmful to the broad interests of the economy ... a moderate rise in prices can seldom if ever be kept moderate'.

46 *Hansard*, 27 August 1959, p 688.

47 *Hansard*, 13 August 1963, p 22.

48 *Hansard*, 17 August 1965, p 32.

49 Treasury (1960, p 17) remarked 'at the beginning of 1960 ... the price and cost movement ... had already become too fast ... it was certain to become faster'.

50 In March Holt acknowledged 'inflationary pressures' but regarded a call up of special accounts by the Reserve Bank, removal of import controls and calling on the Arbitration Commission not to increase the basic wage as an adequate response; *Hansard*, 15 March 1960, p 223.

November, however, Holt agreed to Treasury advice⁵¹ and announced a package of deflationary measures including increased sales taxes on cars and some reduction in interest deductibility for company tax.

Monetary policy was also tightened through 1959-60, with the Reserve Bank increasing the amounts the trading banks had to place with it and their holdings of government securities, and requesting they moderate their advances. In mid 1960 the Reserve Bank wanted to raise interest rates but Holt rejected the idea. The Bank considered using the formal provisions for resolving differences between the Bank and the government but refrained, and Holt agreed later in the year to the rate rise.⁵² The banks were told in November 1960 that they must achieve a 'considerable reduction' in advances by March 1961. Holt said 'this outpouring of bank credit ... must be stopped'.⁵³ This set of measures passed into history as the 'credit squeeze'.⁵⁴ Some saw it as a repeat of the 1951 'horror budget' with deflationary action both too late and too strong.⁵⁵

By historical standards, and compared to recessions to come, the 1961 recession was strong judged by GDP but relatively mild in its effect on employment.⁵⁶ In some ways Holt was the victim of Fadden's success; before the War or since the 1970s a 3 per cent unemployment rate would be seen as very low but the unemployment rate had averaged under 2 per cent during the 1950s.

The credit squeeze was blamed for the Liberal-Country Party coalition almost losing the 1961 election. There were calls for Holt to be removed as treasurer, but he retained Menzies' confidence.⁵⁷ The 1961 budget announced temporary cuts in immigration and some reductions in sales taxes.

In response to signs that the economy was weakening more than was desired, a 'mini-budget' was announced by Menzies in February 1962 which restored the 5 per cent rebate on income tax, cut sales tax on cars, restored full interest deductibility for companies and introduced a generous investment allowance. Import restrictions

51 Hancock (2000, p 274). Wilson, Randall, Coombs and some other senior Treasury officers had drawn up the package. Among the politicians, Menzies and McEwen had been involved in their preparation.

52 Cornish (2010b, p 125).

53 Hansard, 15 November 1960, p 2853.

54 Sometimes referred to as the 'Holt jolt'; Millmow (2010) and Pemberton (2003).

55 Whitwell (1995, p 176; 1996, p 138).

56 In real GDP terms it was comparable to the recessions of the early 1950s, mid 1970s and early 1990s but smaller than that of the early 1980s; Ewing and Hawkins (2006, p 30).

57 Even in the following campaign in 1963 Holt was given only a minor role for fear of public resentment about the Treasurers' role in the credit squeeze; Whittington (1964, p 74). Menzies, however, pointed out the credit squeeze reflected cabinet decisions, so Holt should not be blamed; Frame (2005, p 116) and Millmow (2010).

were reintroduced. The banks were encouraged to lend more for housing. Public works expenditure was increased and there was a rise in the unemployment benefit.

This reversal was characterised as 'stop/go' or 'confusion' in some quarters⁵⁸ but Treasury defended it as the government's willingness to 'adapt its measures to changing circumstances' given 'the effect of economic measures cannot be calculated in advance with close precision'.⁵⁹

Central banking and bank reforms

In 1959 Holt reintroduced Fadden's bill splitting the Commonwealth Bank off from the Reserve Bank, which had been blocked in the Senate prior to the 1958 election, paying generous tribute to his predecessor.⁶⁰ The special deposits were replaced by statutory reserve deposits, giving the Reserve Bank what Holt regarded as 'ample powers of regulation of bank credit'.⁶¹

Holt noted the development of the short term money market and that the central bank had taken measures 'to ensure the further development of the market will be soundly based' by providing lines of credit to authorised dealers at an interest rate set 'to discourage too frequent borrowing'.⁶² This was an early step towards a more market-based system of implementing monetary policy, as well as a means of addressing the seasonality of rural and government finance.⁶³ Holt was lobbied by foreign banks but, under Treasury's influence, opposed their entry.

Decimal currency

Holt was treasurer during the preparations for the introduction of decimal currency. Holt convinced cabinet to reverse the earlier stance (most likely inspired by Menzies) and to call the new currency the 'dollar' rather than the 'royal'.⁶⁴ The Royal Australian Mint also opened during Holt's tenure as treasurer.

Economic planning and the Vernon Report

As in the UK, the early 1960s was a time when interest grew in Australia in longer-term economic planning, although there was never any enthusiasm for it within

58 This adoption of many Labor policies they had excoriated at the election two months previously was described as 'one of the most dramatic somersaults of this highly gymnastic government'; *Australian Financial Review*, 8 February 1962, p 1.

59 Treasury (1961, p 31).

60 *Hansard*, 26 February 1959, pp 375-6.

61 *Hansard*, 26 February 1959, p 383.

62 *Hansard*, 25 February 1959, p 260.

63 Chapter 8 of Schedvin (1992).

64 Frame (2005, p 129).

Treasury.⁶⁵ In 1963 a committee was appointed to examine longer run economic issues, headed by Sir James Vernon, managing director of the Colonial Sugar Refining Co.

The report was given to the Government in May 1965. In September Holt was explaining their failure to release it on the grounds it would be 'quite unsatisfactory ... to table the report without first having taken time to study it closely'.⁶⁶

When its voluminous report was finally tabled some days later, Menzies was dismissive, declaring it had exceeded its brief by commenting on policy, and taking especial opposition to its support for a degree of economic planning.⁶⁷ Through Holt, Treasury had sent cabinet highly critical submissions about the Vernon Report, which may have been motivated by concerns that the Report's recommendations could have established alternative sources of economic advice to Treasury.⁶⁸

Later budgets

Holt 'streamlined the procedure'⁶⁹ of preparing the budget and established a pattern of retreating to his northern Queensland holiday house for a fortnight before the Budget. The media presented this as Holt putting together the budget although of course the real work was being done back in Canberra by Treasury officers. The August 1962 and 1963 budgets were described by the press as 'same again' and 'even keel' with no dramatic initiatives.⁷⁰ Holt himself characterised the 1962 budget as part of an 'expansionary programme until the economy is operating at the highest level of activity we can hope to sustain'.⁷¹ But he was in a cautious mood, commenting 'we do not want another boom like that of 1960'.⁷²

Publicly Treasury was very optimistic in June 1963, arguing that 'expansion has broadened out rather than gained markedly in tempo. If there ever were a time when stability and growth went together, this is it'.⁷³ But there were again concerns that the

65 Whitwell (1995, pp 176-7; 1996, pp 139-40).

66 *Hansard*, 16 September 1965, p 964.

67 *Hansard*, 21 September 1965, pp 1078-87. Menzies proclaimed 'the Committee...predicated a degree of planning and direction of the economy which in our opinion would not either be appropriate or acceptable'. Earlier Holt had been sufficiently open to the idea of planning to talk to the Italian finance minister of 'recent Australian discussion about the possibilities of a greater degree of national planning' in Australia; Holt's diary, 5 September 1962, NLA MS 8431. Holt did not speak in the parliamentary debate on the Report.

68 Martin (1999, pp 530-4) and Corden (1968, p 54). A potential supporter of the report, McEwen, was out of the country when it was released; McEwen and Jackson (1983, p 66).

69 Howson (1984, p 103).

70 Pemberton (2003, p 15).

71 *Hansard*, 7 August 1962, p 14.

72 *Hansard*, 7 August 1962, p 15.

73 Treasury (1963, foreword).

economy was overheating, in part due to increased government spending. Holt was less concerned than his Treasury about expanding government spending. Indeed he saw it as inevitable; 'public spending is bound to continue rising because it represents the foundation of our economic growth.'⁷⁴

This concern about inflation was one reason Menzies called an early election in November 1963. Menzies won comfortably, setting the stage for an orderly transition when he decided to stand down. With the election out of the way, some deflationary measures were adopted in the 1964 budget, with the income tax rebate discontinued, company tax increased, higher taxes on cars and cigarettes and an increase in television licence fees. Monetary policy was also tightened and the Government opposed any increase in the basic wage. The following year income tax was increased further, with increased taxes on beer, alcohol and tobacco products – a classic 'beer, cigs up' budget in tabloid parlance.

Inflation did not in the event rise much. The last, and the best received, of Holt's seven budgets was delivered in 1965 in an economy with 'virtually full employment'.⁷⁵ A feature was 'the largest expenditure increase for which a Commonwealth budget has ever had to provide'⁷⁶ as defence and social welfare spending and payments to the states were increased markedly.

At the end of his treasurership, Holt regarded as his achievements prosperity, full employment and high levels of home ownership and foresaw 'a decade of very dramatic economic development, based partly on the mineral discoveries'.⁷⁷ He observed, however, that 'treasurers are not normally popular people because of the taxes they have to impose and because of their role as critic and analyst of spending proposals put up by their cabinet colleagues'.⁷⁸

Other aspects

Holt was the first treasurer, in 1960, to chair the annual meetings of the IMF and World Bank in Washington. He was a regular attendee at overseas meetings as treasurer, taking an overseas trip every year after presenting the budget.

74 Holt (1967, p 16).

75 *Hansard*, 17 August 1965, p 43.

76 *Hansard*, 17 August 1965, p 31.

77 Interview in *The Age*, 21 January 1966, p 3.

78 Harold Holt, interviewed in *The Age*, 21 January 1966, p 3.

While Holt was treasurer the first steps were taken against restrictive trade practices. But this was handled by the attorney-general.⁷⁹

Prime minister

When Menzies retired, Holt was the unanimous choice of the party room to take over as prime minister on Australia Day 1966, bringing a new informality and modernity to the role. He won a resounding victory over the septuagenarian Arthur Calwell at the 1966 elections.⁸⁰

In 1967 the new opposition leader Gough Whitlam put him under more pressure, and he lost by-elections and a referendum proposal and suffered a large swing at a half-Senate election as the Vietnam War was losing public support.⁸¹ His decision not to follow the UK in devaluing the currency was attacked by the Country Party leader John McEwen, stranded in Geneva, but Holt held firm.⁸²

Holt made a fateful decision to enter a rough surf on 17 December 1967 and was never seen again. While there have been suggestions Holt may have been depressed or even suicidal, and some even more fanciful theories, his death appears to be the result of a display of bravado by a man no longer in peak fitness, and possibly distracted by political challenges, entering a dangerous surf and either drowning or being taken by a shark.⁸³ His memorial service was attended by the British prime minister and

79 As Whittington (1964, p 63) puts it this involved a 'series of remarkable alarms and excursions ... [with] industry protesting violently about what it feared might be happening, constitutional experts questioning the Government's powers, lawyers and retired public servants saying the Government was proposing to do either too much or too little'.

80 The coalition won a then record majority of seats and the two-party preferred vote of 57 per cent remains the largest ever recorded.

81 He may not have planned to stay on as prime minister that long. Larkin and Barker (1968, p 17) suggest 'his real love was external affairs' and he planned to step down and take that portfolio once he identified a suitable successor.

82 Holt regarded facing down McEwen as 'his most satisfying experience as prime minister', according to those interviewed by Rodan (1977, p 242). He did, however, include a large support package to appease McEwen.

83 For conflicting accounts of Holt's condition at the time of his disappearance see the TV documentary by Butt (2008) and accounts by Commonwealth and Victorian Police (1968), Davey (2010, p 118), Frame (2005), Fricke (1990, p 181), Hancock (1996), Henderson (1994, pp 188-191), Howson (1984, pp 361, 366, 368, 427), Larkin and Barker (1968), McNicholl (1978, p 44), Menzies and Henderson (2011, pp 172-3), Reid (1971, p 24), Snedden and Schedvin (1990, pp 77-78), Trengrove (1969, pp 178-9 and 184), and the letters to the editor, most notably from Holt's press secretary Tony Eggleton, in *The Bulletin*, 27 November 2007. Some of these accounts suggest McMahan was plotting against him. The most fanciful theory was by Grey (1983), who suggested he was picked up by a Chinese submarine. Eerily, Holt once said of drowning, 'if you've got to go, this would be the way'; Larkin and Barker (1968, p 11).

opposition leader, the US president, the Prince of Wales and senior representatives of twelve Asian nations. Ironically, one of the memorials to him is a swimming pool.

References

- Bury, L, 1975, Interview by Mel Pratt, 10 November, NLA oral history, TRC 121/70.
- Butt, P, 2008, *The Prime Minister is Missing*, TV documentary, Film Australia.
- Clark, M, 1973, 'The years of unleavened bread', *Meanjin*, vol 32, no 3, September, pp 245-250.
- Commonwealth and Victorian Police 1968, *Report on the Disappearance of the Prime Minister*, Canberra.
- Coombs, HC, 1981, *Trial Balance*, Macmillan, Melbourne.
- Corden, M, 1968, *Australian Economic Policy Discussion: a Survey*, Melbourne University Press.
- Cornish, S, 2002, *Sir Roland Wilson: a Biographical Essay*, Sir Roland Wilson Foundation, Canberra.
- Cornish, S, 2010a, 'Roland Wilson: Primus Inter Pares', paper presented at conference on the 'The seven dwarfs and the age of the mandarin', 4-5 November, Canberra.
- Cornish, S, 2010b, *The Evolution of Central Banking in Australia*, Reserve Bank of Australia, Sydney.
- Costar, B 1995 'The politics of coalition' in Prasser, S, Nethercote, J, and Warhurst, J, (eds) *The Menzies Era*, Hale & Iremonger, Sydney, pp 93-110.
- Crawford, J, 1962, 'Discussion' in Wilkes, J, (ed) *Economic Growth in Australia*, Angus & Robertson, Sydney, pp 188-190.
- Crisp, L, 1960, *Ben Chifley*, Longmans, Melbourne.
- Davey, P, 2010, *Ninety Not Out: The Nationals 1920-2010*, University of New South Wales Press.
- Downer, A, 1982, *Six Prime Ministers*, Hill of Content Publishing, Melbourne.
- Ewing, R, and Hawkins, J, 2006, 'Business cycles in Australia', Paper presented to Australian Conference of Economists, Perth.
- Fadden, A, 1969, *They Called Me Artie*, Jacaranda Press, Brisbane.
- Frame, T, 2005, *The Life and Death of Harold Holt*, Allen & Unwin, Sydney.

- Fricke, G, 1990, *Profiles of Power: the Prime Ministers of Australia*, Houghton Mifflin, Melbourne.
- Golding, P, 1996, *Black Jack McEwen: Political Gladiator*, Melbourne University Press.
- Grey, A, 1983, *The Prime Minister was a Spy*, Coronet, Sydney.
- Hancock, I 1996, 'Holt, Harold Edward (1908-1967)', *Australian Dictionary of Biography*, vol 14, Melbourne University Press, pp 474-80.
- Hancock, I, 2000, 'Harold Edward Holt', in Grattan, M, (ed) *Australian Prime Ministers*, New Holland, Sydney, pp 270-286.
- Hancock, I, 2002, *John Gorton: He Did It His Way*, Hodder, Sydney.
- Hasluck, P, 1997, *The Chance of Politics*, Text Publishing, Melbourne.
- Henderson, G, 1994, *Menzies' Child: The Liberal Party of Australia, 1944-1984*, Allen & Unwin, Sydney.
- Holt, E, 1969, *Politics is People: The Men of the Menzies Era*, Angus & Robertson, Sydney.
- Holt, H, 1967, 'Advance Australia', Monash Economics Lecture.
- Holt, Z, 1968, *My Life and Harry: an Autobiography*, Herald Books.
- Horne, D, 1967, 'Holt: an Australian tragedy', *The Bulletin*, 23 December, pp 25-29.
- Howson, P, 1984, *The Life of Politics* (edited by D Aitkin), Viking Press, Melbourne.
- Hughes, C, 1976, *Mister Prime Minister*, Oxford University Press.
- Langmore, D, 1992, 'Zara Holt' in *Prime Ministers' Wives*, Penguin, Melbourne.
- Larkin, J, and Barker, G 1968, *The Holt Report*, The Age, Melbourne.
- Lyons, E, 1972, *Among the Carrion Crows*, Lansdowne Press, 1977 paperback edition.
- Martin, A, 1999, *Robert Menzies: A Life: Volume II: 1944-1978*, Melbourne University Press.
- McEwen, J, and Jackson, R 1983, *John McEwen: His Story*, Canberra.
- McNicholl, F, 1978, 'Menzies views on his colleagues', *The Bulletin*, 30 May, pp 42-47.

- Menzies, R, and Henderson, H, 2011, *Letters to my Daughter*, Pier 9, Sydney.
- Millmow, A, 2010, 'A wild ride with Holt at the wheel', *Canberra Times*, 23 February.
- Pemberton, P, 2003, *Harold Holt: Guide to Archives of Australia's Prime Ministers*, National Archives of Australia, Canberra.
- Reid, A, 1961, 'Harold Holt: the gambler', *The Bulletin*, 31 May, pp 12-15.
- Reid, A, 1969, *The Power Struggle*, Shakespeare's Head Press, Sydney.
- Reid, A, 1971, *The Gorton Experiment*, Shakespeare's Head Press, Sydney.
- Rodan, P, 1977, *The Prime Ministership of Harold Holt*, MA thesis, University of Queensland.
- Schedvin, CB, 1992, *In Reserve: Central Banking in Australia, 1945-75*. Allen & Unwin, Sydney.
- Snedden, B, and Schedvin, MB, 1990, *Billy Snedden: An Unlikely Liberal*, McMillan, Melbourne.
- Spender, P, 1972, *Politics and a Man*, Collins, Sydney.
- Treasury, 1960, *The Australian Economy, 1960*, Government Printer, Canberra.
- Treasury, 1963, *The Australian Economy, 1963*, Government Printer, Canberra.
- Treasury, 2001, *The Centenary of Treasury 1901-2001*, Canberra.
- Trengrove, A, 1969, *John Grey Gorton: an Informal Biography*, Cassell, Melbourne.
- Warrender, S, 1973, *Score of Years*, Wren Publishing, Melbourne.
- West, K, 1965, *Power in the Liberal Party*, FW Cheshire, Melbourne.
- Whittington, D, 1964, *The Rulers: Fifteen Years of the Liberals*, Lansdowne Press, Melbourne.
- Whittington, D, 1972, *Twelfth Man?*, Jacaranda Press, Milton.
- Whitwell, G 1986, *The Treasury Line*, Allen & Unwin, Sydney.
- Whitwell, G, 1995, 'Economic policy', in Prasser, S, Nethercote, J and Warhurst, J (eds) *The Menzies Era*, Hale & Iremonger, Sydney, pp 166-184.