

may help to extend the area of multilateral trading outside the dollar area, including the encouragement of the widest possible use of sterling as a means of payment in the finance of international trade. It is our intention to maintain the multilateralism of trade and payments which at present prevails within the Sterling Area so that payments deficits arising between one part of the Sterling Area and any particular country can be settled by surpluses with that country earned by other parts of the area.

15. It is hoped, also, that as more and more countries succeed in regaining overall equilibrium in their external payments it will become possible to extend multilateralism as between third countries also so that the Sterling Area surpluses with one country can be used to meet Sterling Area deficits with other countries. In many cases this result may be attainable by the transfer of sterling between non-Sterling Area countries, and it is hoped to extend substantially the present existing facilities for such transfers. Within the ambit of the O.E.E.C. or of any continuing form of intra-European co-operation which may succeed it, multilateralism should be facilitated both by jointly organised compensation arrangements and possibly also by some measure of planning of intra-European surpluses and deficits. But clearly it is impossible to forecast at this date how far this process can be carried even within the non-dollar world. If there are important trading countries which are unable or unwilling to bring their overall external accounts into balance, they may break the chain of multilateral compensation to an incalculable extent.

16. As between dollar countries and non-dollar countries, the position is still more difficult to foretell. An attempt will certainly be made to avoid a complete bilateralism, but there are limits to the extent to which this can go.