There are many who think it was inappropriate to treat Mexico as a test case. Its debt is very large and its economy is generally regarded as being inefficient. For these reasons some observers are doubtful that Mexico can turn the economic corner, even with large loans. Chief among these are the bankers who have reluctantly agreed to lend billions of additional dollars to Mexico. The negotiations among all the creditor banks involved were quite difficult and the final agreement was not concluded until March 1987. It is true that Mexico's position could change rapidly should the price of oil rise significantly during the next five to ten years. Such a development is possible, and if this happens, Mexico's capacity to handle its debt load could improve markedly.

Nonetheless, an important consideration is whether Mexico will be able to summon the political will, in a pre-election period, to implement the structural changes envisaged by the package. Moreover, since the $12 billion loan arrangement is for 18 months only, after Mexico services the debt interest and principal payments due in this period, there will only be a very modest amount of the new funding left to be devoted to economic growth restructuring. Mexico's situation remains difficult and uncertain.

What the Mexican case points up is that each country's problems have unique features, which means that the case-by-case approach is essential and generalizations are dangerous. However, it also highlights the extent to which each development creates new conditions. Thus, unless the Mexican economy suddenly enjoys unexpected success, the banks will be more resistant to making large loans to other debtor countries in future, a condition which, in view of Brazil's 1987 decision to suspend interest payments on its debt, could make negotiations with that country more difficult.