

- 29** An economy has a large surplus on the current account of its balance of payments. It revalues its currency. The current account of the balance of payments becomes a greater surplus in the short run. In the long run the surplus becomes smaller and eventually becomes a deficit.

What is the sum of the price elasticities of imports and exports in the short run and in the long run?

	short run	long run
<b>A</b>	greater than 1.0	greater than 1.0
<b>B</b>	greater than 1.0	less than 1.0
<b>C</b>	less than 1.0	greater than 1.0
<b>D</b>	less than 1.0	less than 1.0