borders buys a good or service produced within the area. In addition, this new money to the area is re-spent, generating additional value. Tourism is usually a very good source of new money for an area because visitors travel to the area and "leave" their money behind as they buy goods and services during their visit.

Realizing Tourism's Export Potential

Let us first focus on the multiplier concept of tourism expenditures from an **export** point of view. An export is defined as a good or service manufactured or provided in one country that is purchased by a person or business from another country. Exports therefore "add" money to one economy and "deduct" money from another economy. Most countries desire international visitors because tourism services sold to foreign travelers are considered exports.

For example, when an Irish businessman travels to Toronto and spends money on restaurant meals, taxicabs, and hotel rooms, some of the money and purchasing power he earned in Ireland becomes part of Canada's economy. In this way, the tourism receipts from his visit add to the Canadian economy the same way that selling a Canadian manufactured good in Dublin would. Likewise, his tourism expenses represent an **import** in Ireland the same way that a manufactured good does because the traveler's money left Ireland and was gained by Canada.

Here is a more detailed example of a tourism export. Imagine that an Australian family decides to vacation in California, taking in all the entertainment attractions and recreational activities that it has to offer. They arrive at LAX airport and then spend seven fun-and-sun-filled days experiencing southern California. Think of all the expenses they incur during their weeklong visit: meals, rental car and gasoline, admissions, souvenirs, accommodations, and a host of other services. The family pays for all these services and goods by spending the money they brought with them from Australia to cover all these expenses. This money represents "new" money for the U.S. economy and for California in particular. This exchange is an export for the United States and represents an import for Australia because the family purchased foreign goods and services with their Australian money rather than spending their money at home.

Nowhere are the economic impacts of tourism more evident than in the cruise ports of Caribbean Islands. When two or three large ships disembark 10,000 plus passengers, the island becomes alive. Cruise passengers purchase everything from adventures, cultural activities, and food to high-end jewelry, souvenirs, and T-shirts and fashions.

What Goes Around Comes Around

The multiplier concept also applies to domestic travel. Imagine you have a friend, Sam, who goes to college and works in Bloomington, Indiana. Sam decides to spend spring break vacation in Fort Lauderdale, Florida. She takes her hard-earned money and "leaves" it in Florida as she pays for her travel needs there. In other words, the purchasing power Sam earned in the Bloomington economy is transferred to the economy of Fort Lauderdale, and the businesses and citizens there benefit from it (see Figure 11.1).

But how does this money "multiply"? The multiplier effect occurs when some of this new money is re-spent within the local economy. For example, while in Fort Lauderdale, Sam had dinner at a local hot spot, dining, dancing, and having a wonderful evening. Her total bill for the evening of fun came to $85. The lion's share of the $85 she paid was then used to pay Joe, her server, as well as the bartender, the dishwasher, the city's local taxes (sales, property, and income), the manager's salary, the local bakery for that delicious bread—you get the idea. In this way, the purchasing power of Sam's $85 is multiplied because it then becomes Joe's purchasing power, which he can use to purchase goods and services he needs. When Joe spends