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OPINION ASIA

Great Moments in Walletology

If you're prone to losing your billfold, consider moving to Denmark or Norway. Avoid Cambodia.

By **DAVID WALTER**

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A few weeks ago I lost my wallet at the entrance to a Hong Kong subway station. At the time I had been frantically cramming sponge cake into my mouth to skirt the station's "No Food" rule; the wallet must have tipped out of my equally overstuffed pocket. Several hours later, I learned that someone had turned it in to the police with cash intact.

For lucky losers like me, recovered billfolds are proof of humanity's basic goodness—often doubted, now confirmed. For finders, however, lost wallets are mostly an inconvenience, not to mention a test: Do they try to track down the owner, or take the money and run?

This dilemma is one of the core moral questions of our time. Few scenarios so plainly encapsulate the tension between selfishness and altruism. Accordingly, researchers have zeroed in on lost wallets as a cross-cultural indicator of social trust—a regard for and faith in others that economists say can boost countries' growth.

Walletology can also help the more careless among us identify safe places to live. In 2001, for instance, Reader's Digest dropped 1,100 dummy billfolds across 33 countries. Denmark and Norway shared the title of best country to lose your wallet in, with both scoring a perfect 10 out of 10 wallets returned. Finders in Hong Kong returned a mere 30% of lost wallets, a showing worsted only by Mexico (21%).



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The Reader's Digest study renewed academic interest in the wallet test. Game theorists, for instance, have since simulated lost-wallet scenarios to show that people are less self-interested than game theorists, at least, had previously assumed.

In 2007, as a way to measure social trust, Gallup asked people in 85 countries whether they thought strangers in their hometown would return a dropped wallet. New Zealand and Switzerland had the highest rate of trust, with 44% and 38% of respondents answering in the affirmative. Hong Kong was tops in Asia with 23%.

Laos and Cambodia came in dead last, with only 1% believing they would ever see their wallet again. Both countries have friendly populations but decidedly unfriendly governments. Maybe that has something to do with it.

Social trust supposedly supports development by reducing the perceived risks of doing business. But economists disagree on the strength and nature of this connection. Perhaps social trust arises from economic growth, creating a positive feedback loop of prosperity. Or maybe it can develop independently, paving the way for future riches.

To understand the real-world implications of this puzzle, consider the fate of waylaid wallets in Japan, which boast an aggressively enforced government lost-property system.

As law professor Mark D. West writes in "Losers," his great 2002 contribution to the annals of walletology, Japanese people who turn in lost items to police are entitled to receive up to 20% of their discovery's value from owners. Any items that go unclaimed for three months belong wholly to the finders. Conversely, finders caught appropriating lost property without reporting it are often hauled in to face embezzlement charges.

The Japanese reclaim millions of lost items each year, and report even more at the country's ubiquitous *koban* police kiosks. When Mr. West conducted a lost wallet test in Tokyo, he recovered 17 out of 20 lost wallets, plus 95% of dropped cellphones.

That's all well and good for peaceful Japan, you might say, where the police have the time to act as the world's most sophisticated lost-and-found. But Mr. West suggests that the country's lost-property system might be responsible for keeping the peace in the first place.

He compares Japan's efforts to secure the return of lost wallets and umbrellas with New York's famed "broken windows" campaign against graffiti in the 1990s. In sweating the small stuff—by punishing acts of dishonesty and using selfishness to incentivize altruism—might Japan's lost-property system have a similar effect on law and order? Might it also build social trust?

Perhaps, Mr. West demurs. More wallets will need to be lost to find out.

I can oblige on that last point. Four days after my wallet's first disappearance, I lost it again, this time in a cab at 6 A.M. The results of this second separation were mixed: The police recovered my credit cards and billfold, but not the \$100 or so that I had inside.

What that means for the wealth and well-being of nations, I don't know. But I think it's time I bought a wallet chain.

Mr. Walter is a Princeton in Asia fellow at The Wall Street Journal Asia's editorial page.

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