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Précis of 100 Words or Less:	<p>Globalisation, governance and economic performance affect each other in very complex mutual relationships. In this paper, we establish a clear and well-circumscribed hypothesis: “is there an effect of globalisation on governance?” To test this hypothesis or, even more specifically, to test how openness can affect the quality of domestic institutions, we survey available theoretical explanations of causal relationships between globalisation and governance. Microeconomic theory helps us identify trade policy, competition by foreign producers and international investors, and openness-related differences in institution building costs and benefits, as three major transmission mechanisms through which openness affects a country’s corruption levels. Examining a large sample of countries covering a 20-year long period, we found robust empirical support for the fact that increases in import openness do indeed cause reductions in corruption, a crucial aspect of governance. The magnitude of the effect is also quite strong. After controlling for many cross-country differences, openness’ influence on corruption is close to one third of that exercised by the level of development. Some cautious policy conclusions are derived</p>

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