

# Book Review

- Andrew Phillips and J. C. Sharman, *Outsourcing Empire: How Company-States Made the Modern World*. Princeton and Oxford: Princeton University Press, 2020. Pp. viii + 253. References and Index. \$29.95 (cloth).

“Company-states are vital but previously neglected actors in world politics” (199). In their substantive book, Andrew Phillips and J. C. Sharman explore the rise, fall, and significance of company-states from the seventeenth through nineteenth centuries. Through the evaluation of their global impact, the authors add to research pioneered by historian Philip Stern, who coined the term *company-state* in his works on the English East India Company, “‘A Politie of Civill and Military Power’: Political Thought and the Late Seventeenth-Century Foundations of the East India Company-State,” *Journal of British Studies*, Vol. 47, no. 4 (2008), 253–283 and *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India* (Oxford: Oxford University Press, 2011). While the authors examine prosperous Indian Ocean companies, they also discuss the less successful imitations they inspired in North America, Africa, and the Pacific. As a result, *Outsourcing Empire* provides a solid contribution to the typically Eurocentric-focused scholarship of international politics.

The book’s format includes an introduction that lays out the authors’ thesis, four chapters, nine helpful maps, and a conclusion which touches on the modern-day for-profit private security industry. Although each chapter holds up as a stand-alone work—complete with their own introductions and conclusions—they echo points already made. This repetition throughout the book helps to drive home the arguments. To make their case, Phillips and Sharman consulted a wide range of secondary and published primary sources. In doing so they address questions ignored by previous scholars: “What do the company-states tell us about big changes in the constitution of international society? What do the hybrid nature and motives of these actors mean for the conduct of international society that they played such an important role in building? What does the rise and fall of company-states tell us about the broader forces that underlie and transform successive international orders” (3)?

The authors present three main arguments in *Outsourcing Empire*. First, Phillips and Sharman argue that company-states were hybrid entities created prior to the division of public and private spheres. Rulers who chartered them granted company-states features of corporations combined with sovereign power to wage war and conduct diplomacy with

non-Christian polities. Consequently, they were neither private merchant companies, nor arms of European states. Next, the authors assert that company-states spearheaded European encounters with most parts of the world. These institutions were the rule and not the exception in early modern European expansion (2). That the authors “refute claims that Western military superiority was the driving force of European expansion” may be surprising to many readers (105). In fact, they give agency to non-Europeans as company-states were often weak, adaptable, and acted as cross-cultural mediators by ingratiating themselves with local allies (16). Finally, the authors “challenge the thesis that the international system was constructed through the diffusion of the sovereign state” (214). Instead, they contend that company-states built the Western-dominated international system by setting the stage for the European empires of the late nineteenth and early twentieth centuries. The maritime trade routes these actors controlled, meanwhile, built the foundations for a worldwide capitalist economy (21, 200).

In their first chapter, Phillips and Sharman describe how aspects of early modern European society contributed to the formation of the first company-states. The development of corporations provided “an essential building block” thanks to the concepts of legal personality, shareholding, limited liability, and separate management and ownership (8, 26). Medieval Europe’s heteronomous patchwork of sovereignty, where monarchs, the aristocracy, the church, and merchant guilds asserted their authority over people blurred the division between public and private (22). In this environment, rulers with limited power and wealth issued charters to companies thereby granting them commercial monopolies and sovereign powers. As an example, Phillips and Sharman recount the creation of the Dutch East India Company (VOC) and the English East India Company (EIC) in the early seventeenth century. The relative weakness of Protestant Western Europe *vis-a-vis* the Catholic Hapsburgs powers as well as the commercial opportunities of high value, low volume spices made overseas expansion an attractive way to gain wealth and strength. While the VOC used violence more often than the EIC, both inveigled themselves into the local polities. Distance from Europe helped prevent the VOC and EIC from being drawn into European disputes and offered these companies more independence to maneuver and fit themselves into what their hosts needed without fear of damaging the mother country’s prestige (61–64).

The second chapter chronicles how ambitious rulers, inspired by the accomplishments of the VOC and EIC, replicated hybrid company-states for expansion into the Atlantic World. Despite institutional similarities, the Atlantic companies never matched the success of their Asian predecessors (107). Through the examples of the Dutch West India Company (WIC) and the Royal African Company (RAC), the authors argue that with proximity to Europe, rulers had a greater ability to interfere with their operations and use them as state instruments in European conflicts. Company-states operating in the Atlantic also faced

more competition from rival companies, which limited their profitability (68). In contrast, the Hudson's Bay Company (HBC) thrived due to its low profile and geographic isolation. The authors dispute the conclusion that the expansion of company-states equated to European domination. Like the seventeenth century VOC and EIC, these Atlantic World actors were militarily weak and survived as indigenous groups benefitted from trade. Europeans therefore interacted "on a basis of rough equality" as they "had to adapt to local African and American systems of commerce, credit, and culture more than vice versa" (108).

Next, the authors discuss the various reasons for "The Fall of the Company-States" in chapter three. Throughout the eighteenth century, the decline of the spice trade, increased spending on militarization, and competition from the French and British led to bankruptcy and nationalization for the VOC (121–122). Changing norms in nineteenth century Britain that associated *public* with government power and *private* with the market economy doomed the EIC's monopoly (143). Though completely self-supporting, the threat of settler colonialism from the United States convinced the HBC to sell off their charter privileges (136). Beyond these individual factors, enhanced European political power made company-states redundant by the mid-1800s. Western states cut out the hybrid middlemen and asserted direct control over their empires (150). The 1856 Treaty of Paris, meanwhile, imposed restrictions on the use of mercenaries and privateers, transforming warfare into a state monopoly. With direct control over their empires, European states no longer tolerated compromise with indigenous peoples and societies (151).

In their fourth chapter, Phillips and Sharman explore the brief revival of company-states during the nineteenth century. As in the past, chartering companies enabled states to outsource conquest and expand beyond Europe. European governments, however, kept new company-states, such as the Russian-American Company, the German New Guinea Company, the British South Africa Company, and the Congo Free State (a hybrid public/private entity, though not a company-state), on a short leash. They refused to cede sovereign powers, especially when it came to conducting warfare, and obstructed operations thanks to their enhanced ability to administer far off regions (154). The authors conclude that the failure of these second-wave hybrids completed the transition from company-states to formal European imperialism.

Phillips and Sharman convincingly argue the importance of company-states in creating the contemporary international system. One potential flaw in their work, however, is the inclusion of the Russian-American Company in chapter four. Though a commercial disappointment that fell under state control, the Russian-American Company predated the chapter's other examples that functioned during the era of New Imperialism associated with the Berlin Conference and the late nineteenth century. Nevertheless, *Outsourcing Empire* would make a valuable addition to undergraduate international relations and world history courses. While perhaps too dense for high school students, the authors' straightforward,

chronological approach makes this work accessible for most college students. Educators at all levels will also find *Outsourcing Empire* helpful, especially the first chapter—the strongest of the book, when preparing lectures on imperialism in the Early Modern Era.

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