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Book Review: Outsourcing Empire: How Company-States Made the Modern World by Andrew Phillips & J.C. Sharman

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Andrew Phillips & J.C. Sharman, *Outsourcing Empire: How Company-States Made the Modern World*. Princeton: Princeton University Press, 2020. v+ 253 pages. Hardcover, $29.95.

Neither a nation-state nor a city-state, the company-state was a pioneering model for both capital accumulation and international relations as European governments sought to colonize the world on the cheap, and, in doing so, helped shape the world as it is today. In *Outsourcing Empire: How Company-States Made the Modern World*, political scientists Andrew Phillips and J.C. Sharman present a broad and succinct summary of the history and form of company-states. Company-states were hybrid institutions that blended the profit-seeking activities of commercial ventures with a bundle of delegated sovereign prerogatives, from minting coins and administering justice to waging war and negotiating treaties.

Phillips and Sharman cover the rise of company-states, company-states in the Atlantic, the fall of company-states, and their brief resurrection during the scramble for Africa, with an introduction and conclusion as bookends. The core thesis of the book is that European governments sought to create and/or expand their empires on the cheap, and did so by issuing charters that had state powers so as to attract vast amounts of patient capital. These company-states were notable for their innovations in finance, including the joint-stock ownership form, the concept of limited liability, and governing boards. Additionally, they were usually granted monopoly trading rights over certain areas.

Starting with the Dutch and English East India Companies, these company-states enjoyed early success for two reasons. First, they were able to distance themselves, metaphorically and literally, from the wars in Europe between host states, owing to their charter-guaranteed autonomy and locations. Second, they were able to address bureaucratic problems endemic in the Spanish and Portuguese imperial administration, such as the principal-agent problem. Additionally, the hybrid nature of company-states—semi-public yet semi-private institutions—allowed administrators to strike a diverse set of deals with local polities; whereas the monarchs of Europe would never bow down, even symbolically, to chieftains in Africa and Asia for access to spice trades or mining concessions, company-states had no such problem, submitting to such arrangements if it meant that they could maximize their profits.

After the initial success of the Dutch and English East India Companies, company-states were chartered all over Europe and sent across the globe. These newer company-states were less successful, both in their accumulation of power and economic bounty. Eventually, the fall of the company-states came about due to the difficulty of balancing power and profit. For ventures that focused exclusively on profit by shunning military costs, they were swept aside by their more powerful adversaries. For those firms which focused more on power, the costs of maintaining fortresses and armies gobbled up their revenues, ultimately leading to financial insolvency. Often, in these cases, company-states turned to the sponsoring government for a bail-out, in exchange for the loss of their autonomy and quasi-state personality. With the loss of autonomy, company-states were often deployed in (costly) European wars, which they had so judiciously avoided in previous times. Two notable exceptions are the English East India Company, which became so powerful in might and money that the British parliament clamored for its nationalization, and the Hudson Bay Company, which sold its sovereign prerogatives back to the British government after being criticized for insufficiently colonizing Canada, but survives as a company to this very day.

There was a brief period of resurrection for the company-state with the scramble for Africa, yet they failed for reasons similar to the departure of the first company-states. Unlike before, governments sought to erect a more definite barrier between the public and private sector; as such, they did not delegate the same sovereign prerogatives as they had before. Lacking these state powers, the new company-states were more reliant upon their chartering governments for support.

In turn, this lack of autonomy led company-states to be forced into more European wars, which ladened the balance sheets with high costs, and ultimately hobbled them with far too many debts. Phillips and Sharman, in this last main chapter, also explore the Congo Free State which, although not a company-state, provides an interesting point of comparison and contrast, as the "personal" ownership of the territory by King Leopold serves as another example of a hybrid between public and private.

In *Outsourcing Empire*, Phillips and Sharman managed to strike an impressive balance between rigor and accessibility. This seems like the type of book which could easily find its place among the syllabuses of classes in several departments, but is also readable enough that I would feel comfortable recommending it to friends and family who had no background in international relations or history. It was a pleasure to read.

There are, though, several points in the text where the writing is repetitious. It seemed as if both Phillips and Sharman had written a section on a certain topic and they could not decide which one to use, so they included both sets of writing sequentially. By removing this repetition, the authors may have had more room to go deeper in depth into the company-states that were mentioned but unexplored. I would have enjoyed reading about the Danish or Swedish or Scottish company-states. Overall, I strongly recommend *Outsourcing Empire*, to both those interested in imperialism and those looking for a good read in any subject of history.

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