

Outsourcing Empire: How Company-States Made the Modern World. By Andrew Phillips and J. C. Sharman. Princeton: Princeton University Press, 2020. 272 pp. Maps, references, index. Hardcover, \$45.00. ISBN: 978-0-69120-351-5.

doi:10.1017/S0007680522000691

Reviewed by Karolina Hutková

In *Outsourcing Empire*, Andrew Phillips and J. C. Sharman explore company-states as institutional alternatives to private companies and sovereign states, along with their contribution to creating the modern world. The authors study company-states against the backdrop of the globalization and colonization of the seventeenth to nineteenth centuries and within the context of modern state formation and the shift from mercantilism to what they call modern political economy. They argue that company-states are historical phenomena that are now largely forgotten (in international relations) yet that made a crucial contribution to long-distance commerce, the commercial revolution, and European conquest, and thus the study of company-states is essential for the understanding of the modern international system. They define company-states as hybrid institutions that stand between companies and states. These were companies in the sense that they sought to make profit based on commercial enterprise, but they simultaneously possessed prerogatives that allowed them to wage wars, conduct diplomatic negotiations with non-European powers, and, in the overseas territories, administer justice, mint currencies, and so forth. In addition to its introduction and conclusion, the book is divided into four main chapters that follow the chronological and regional rise and fall of the company-state, focusing on a number of examples.

The introduction offers the book's argument as well as the definition of "company-state." Chapter 1 focuses on the rise of company-states in Asia in the seventeenth century, mainly the English East India Company (EIC) and the Dutch East India Company (VOC), discussing the advantages they had in maritime Asia vis-à-vis the alternatives. The authors argue that company-states had medieval antecedents in the European concepts of heteronomy and that this allowed for the combination of sovereignty with profit-seeking so necessary for their formation. Phillips and Sharman further explain the rise of company-states in the context of political competition within Europe, the rise of long-distance intercontinental trade, and the efforts to capture the possible gains from this trade by the latecomers—the English and the Dutch. The chapter then explores the success of the EIC and VOC in Asia and the factors that underpinned this success.

Chapter 2 studies company-states in West Africa and the Americas. Phillips and Sharman argue that the company-state model was

replicated across the Atlantic from Asia, where it was first pioneered, and that even in the Atlantic World the model had a fundamental impact on the international system of diplomacy, war, and trade. Here they explore the Dutch West India Company, the Royal African Company, and the Hudson's Bay Company (HBC). Phillips and Sharman emphasize that, although important, the company-states were much less successful in the Atlantic World than in Asia, pointing to the interference of the European sponsors as the crucial obstacle, as it undermined profitability of their trade ventures while increasing their security costs.

In chapter 3, Phillips and Sharman examine the decline of even the successful company-states from the end of the eighteenth to the mid-nineteenth century. The authors argue that this waning of company-states was due to "the combined effects of intensifying geopolitical competition, ideological delegitimizing, and functional redundancy" (p. 109). On the one hand, European states no longer needed them as vessels of colonization, and on the other, the companies behind them stopped being profitable as their large-scale territorial holdings were expensive to administer and military protection of them was constantly needed. Furthermore, the public at home started to perceive the company-states as relics that should no longer have the privileges they did. The chapter then follows the demise of the concrete company-states—the VOC, HBC, and EIC—in more detail.

Chapter 4 reflects on the surprising return of the company-state in the early nineteenth century. Phillips and Sharman emphasize that the resurrection of this institutional model was caused by the intensification of European states' struggles for new colonies. They argue that for the European states the chief motivation to return to the old company-state model was the chance to acquire large extra-European empires but to do so cheaply, through the use of private capital. These second-wave company-states of the new imperial era failed, however, whether assessed from a political, a commercial, or a military angle, especially when compared with the VOC and EIC. Phillips and Sharman emphasize that the new geopolitical context, public opinion, government dislike for delegating sovereign prerogatives, and the hostility of metropolitan bureaucrats and settlers undermined the position and potential of the second-wave company-states and thus made it impossible for them to succeed. The authors draw on the examples of the Russian American Company, the German New Guinea Company, the British South Africa Company, and the Congo Free State to illustrate their case.

This book makes an important contribution by (re)introducing trading companies into the discipline of international relations—which is the main aim of this book. Phillips and Sharman present an excellent comparison of different trading companies—or, in their language,

“company-states”—in different periods of time and in different regions. In this way the book is truly global and represents a brilliant summary of a specific historical phenomenon in the long run and in various regional environments. Moreover, the authors weave their narrative into the context of globalization, colonization, and state formation and emphasize the co-development of European states and their colonial ambitions with the rise and fall of European trading companies that became “states” in non-European territories. For business historians, this book may be a useful reminder of the essential role that the early modern trading companies played in the development of capitalism and in connecting faraway markets. Although the authors focus more on the political side, and on the interplay between European governments and trading companies/company-states, a discussion of the commercial part of their ventures is also present. This makes the book an essential volume for those wishing to learn more about the political realm of the ventures of European trading companies in a global and long-term context. It is the global and comparative context in particular that ought to be applauded, as such a book was previously missing from the scholarship.

Karolina Hutková is research officer in the management department at the London School of Economics and Political Science. She is the author of several articles and The English East India Company's Silk Enterprise in Bengal (2019).

. . .

Chinese Hinterland Capitalism and Shanxi Piaohao: Banking, State, and Family, 1720–1910. *By Luman Wang.* London: Routledge, 2021. 208 pp. Hardcover, \$160.00. ISBN: 9-780-36745-809-6.

doi:10.1017/S0007680522000599

Reviewed by Matthew Lowenstein

The Shanxi *piaohao*, privately operated remittance banking networks that transferred capital between different cities and market towns throughout the Qing empire, have long played a critical role in the history of Chinese business. First appearing in the early nineteenth century, these institutions would come to operate over 160 branches in eighteen cities and served as financial intermediaries for domestic commerce, foreign traders, and the Chinese state alike. The *piaohao* are often seen as the apotheosis of indigenous Chinese financial sophistication and a fascinating alternative to the Western forms of banking that today prevail throughout the world. But until now, serious scholarship on the *piaohao* has been limited to Chinese-language publications,