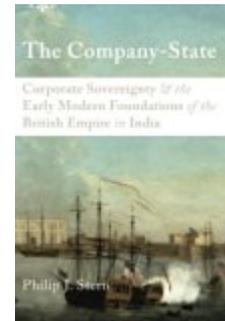


Philip J. Stern. *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India*. Oxford: Oxford University Press, 2011. 300 pp. \$65.00 (cloth), ISBN 978-0-19-539373-6; \$27.95 (paper), ISBN 978-0-19-993036-4.

Reviewed by Ilya Vinkovetsky (Simon Fraser University)

Published on H-Empire (November, 2011)

Commissioned by Charles V. Reed



No “Mere Merchant”: The English East India Company-State

Philip J. Stern’s book is a substantive reinterpretation of the history of the English East India Company (EIC) from its founding in 1600 until the reassessment of its position in the wake of the battle of Plassey (1757). For over two and a half centuries, the EIC—in existence until 1874, some fifteen years after the 1858 Government of India Act made it an insignificant political player in Indian affairs—was a crucial player in the world of maritime trade and politics, but as Stern’s book demonstrates, the very identity, not to mention the fortunes, of this institution varied radically over the decades. The company’s modus operandi shifted and evolved, and not simply in the way that it is customarily presented in historiography, which generally accepts Plassey as a watershed that signaled the emergence of vast territorial expansion and an emphasis on colonial governance.

The pre-Plassey EIC, Stern shows, was hardly a “mere merchant” (pp. 13, 122). In the seventeenth century, the company already had extensive territorial as well as commercial ambitions, and it developed governance techniques in growing South Asian enclaves, such as Madras, Bombay, Surat, and later Calcutta, not to mention the South Atlantic island of St. Helena. Possessing, on the one hand, an exclusive charter from the English Crown that granted it broad rights between the Cape of Good Hope and the Straits of Magellan and, on the other, a series of separate agreements with local rulers in India and elsewhere around the Indian and South Atlantic oceans, the early modern EIC “company-state” functioned as a

full-fledged “commercial, political, and diplomatic intermediary” between England and Asia (p. 13). Given a long leash by the English monarchy and further empowered by intermittent communication over vast distances, the early EIC was substantially more isolated (in legal as well as logistical terms) and politically autonomous from the English state than it would become after the 1750s.

Examining the archival record in detail, and with a particular emphasis on the writings of company officials and correspondence between the EIC’s office in London and regional offices throughout its vast realm, Stern ponders the implications of the early modern EIC’s corporate sovereignty—among other things, the subjection of impressive numbers of people (along with growing territories and sea lanes) to the company’s, as opposed to any state’s, jurisdiction. The genesis and subsequent operation of the emerging and largely autonomous “company-state” in South Asia, as a form of early modern government, takes up the first half of the book, “Foundations.” Part 2, “Transformations,” focuses on the changes to the EIC and its domains in the decades between 1688 and 1757. Stern depicts these decades as a transitional phase between the more politically autonomous EIC of earlier years and the established institution of the later period. The Glorious Revolution, the effects of which were initially underestimated by the company’s officials, comes across as a true watershed. The company’s close ties to James II proved a liability after his dethronement. But even more burdensome than the relationship with a spe-

cific ruler was the EIC's foundational association with the monarchy as an institution. Both English and Scottish parliaments emerged as forums where opposition to the company could be channeled with increasing effectiveness. The new political climate, punctuated by a House of Commons eager to increase its influence overseas as well as domestically, eventually ushered in a reformed "new United" company, "under the command and protection of the monarch and Parliament of England," quite a transformation from the previous years (p. 163).

As a specialist in the history of the Russian Empire, I am not well positioned to contextualize this book's place in the historiography of British India. But perhaps an outsider's perspective can shed comparative light on Stern's contribution. Stern's book engages the comparative colonial literature only in a limited way (and then mainly as it pertains to the EIC's direct rivals in the Indian Ocean—the Portuguese and the Dutch, and later the French). Still, his analysis of the early modern EIC will compel us to reexamine assumptions about colonial companies in general.

Looking at Stern's work through a comparative lens suggests, among other things, that overseas colonial companies that derived their authority from European monarchs, despite the obvious differences in political systems across Europe, confronted a number of analogous challenges in the metropole. Rival interested parties—labeled as interlopers, pirates, or simply disgruntled merchants—rallied support in the metropole against the colonial companies under the charges of monopoly, unfair practices, and inhumane treatment (sometimes of indigenous inhabitants, more often of the interested parties themselves). In seventeenth- and eighteenth-century London, Stern demonstrates, these parties mobilized their energies against the privileges of the EIC in the courts and in the parliament; in nineteenth-century St. Petersburg, rival traders seeking to diminish or eliminate the prerogatives of the Russian-American Company (RAC) took action through the courts and lobbied bureaucrats, and, during the Great Reforms of the 1850s-60s, finally made their campaign public in the press.[1] As I read *The Company-State*, I was struck by how many of the arguments for and against the privileges of the RAC in the nineteenth century echoed the arguments put forth by the EIC's backers and opponents in the pre-Plassey days: the supporters of both companies repeatedly tried to make the case that they were not in their essence "monopolies" but rather civically minded guardians who abet the projection of political influence and contribute to economic prosperity of their mother

countries. The call for "free trade" was used repeatedly as a political weapon by the companies' opponents; yet free trade rhetoric masked both divergent understandings and different practical aims of those who rallied behind it (pp. 144-145).[2]

It was also instructive to learn that it was the EIC, rather than the English government, that took some of the crucial steps that curtailed the autonomy of the early modern company-state. One of the themes in Stern's book is the company's ongoing preoccupation with controlling the sea lanes that connected its spread-out domain. This preoccupation took, among other manifestations, the form of combating interlopers and pirates, a task that the EIC took on largely on its own in the seventeenth century. (Stern notes that piracy, as a political issue, was for a time skillfully manipulated by the company to strengthen its positions against its detractors in London.) Yet in 1698, the EIC took pains to persuade the English Board of Trade and the Admiralty to send a squadron of ships to hunt down pirates in the Indian Ocean. "It was," Stern writes, "a fairly desperate move that invited the English state, in the form of its growing naval power, into Asia" (p. 141). The EIC's appeal for help with policing colonial waters reminded me that, in the early nineteenth century, the directors of the RAC likewise invited the Russian state, in the form of Russia's navy, to take on an increasingly prominent role in the North Pacific.[3] The ramifications of such invitations—extended by joint-stock companies, presumably with their self-interest in mind, to metropolitan governments—signaled transformations in the relationships between the governments in London and St. Petersburg and their "contractors" in the colonies of India and Alaska, respectively. The resulting diminishment of the colonial companies' operational autonomy is well known, but Stern's work helps to demonstrate that the colonial companies were not simply victims or bystanders—after all, they asked the metropolitan governments to step in, apparently regarding these moves as necessary measures to preserve their own territorial and commercial interests.

However, Stern's central contribution to the comparative study of colonial companies lies in proposing the concept of the "company-state." Stern's argument—recalling Frederick Cooper's similarly derived concept of the "empire-state"—is elegant and persuasive.[4] Like Cooper, Stern invites us to look at the early modern world outside the frame imposed by historiography that privileges the modern nation-state. Stern emphasizes, among other things, that courts in the EIC's seventeenth-

century settlements did not, as a rule, permit formal appeals to authorities in England. The company's representatives guarded its prerogatives, interpreting the rights given them by the Crown as broadly as they could, fighting off challenges and negotiating relationships both in the colonial sphere and in the metropole. One of the most notable of these challenges, the *East India Company v. Thomas Sandys* case, argued in London before the Court of King's Bench in the mid-1680s, provides Stern with a canvas to analyze the EIC's legal relationship with the English state prior to the Glorious Revolution. Stern's book demonstrates that the role of the early EIC as a political actor—the self-styled intermediary between England and Asia, the surprisingly autonomous “company-state”—has been underestimated by historians, and makes the case for political continuity in India, because the early EIC “laid the necessary though not sufficient conditions for its later transformation into a territorial empire” (p. 7). This is the book's fundamental contribution, with implications beyond the EIC.

Yet, in making the argument for the importance of the early EIC as a political actor, it seems puzzling that Stern chose to give so little attention to the “company” side of the “company-state” equation. Just because the EIC was no mere merchant, did not mean that it was merely a government. How did the commercial interests of the company affect its governance practices? At least to a reader who is not versed in the literature on the EIC's trade, Stern's book is surprisingly sparse on the company's place as a commercial actor. Stern is clear that the EIC, as a joint-stock corporation, was in the business of

seeking profits, but his book—while devoting entire chapters to missionaries and political thinkers, among other subjects—does not address how the company's political functions interacted with its economic operations. An argument can be made that the company's economic activity is simply not the subject of his book, but one can also counter that, for a “company-state,” the profit motive would seem to be an essential element of politics. At the very least, a brief analytical section on the company's economic fortunes would have made the political picture more complete. Still, in the grand scheme, this is a minor quibble. Stern has produced a thought-provoking reinterpretation that deserves a wide readership across different fields.

Notes

[1]. The RAC was a Russian joint-stock chartered company that, “under the protection of the emperor,” had exclusive rights between 1799 and 1867 to the fur trade of Russia's colony in Alaska. This company was also responsible for administering this colony and, trading with the Chinese, became a chief importer of Chinese goods into Russia.

[2]. Ilya Vinkovetsky, *Russian America: An Overseas Colony of a Continental Empire, 1804-1867* (New York: Oxford University Press, 2011), 67, 184-186.

[3]. *Ibid.*, 102-103.

[4]. On the “empire-state,” see Frederick Cooper, *Colonialism in Question: Theory, Knowledge, History* (Berkeley: University of California Press, 2005), 174.

If there is additional discussion of this review, you may access it through the network, at:

<https://networks.h-net.org/h-empire>

Citation: Ilya Vinkovetsky. Review of Stern, Philip J., *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India*. H-Empire, H-Net Reviews. November, 2011.

URL: <http://www.h-net.org/reviews/showrev.php?id=34170>



This work is licensed under a Creative Commons Attribution-NonCommercial-No Derivative Works 3.0 United States License.