

# Examining the Aftermath of the Brexit Referendum Through the Principle-Agency Dilemma

Filip Kokotović<sup>1</sup>

---

## ABSTRACT

There have been few topics that are more detrimental to the further development of the European Union than the decision of the electorate of the United Kingdom to leave. The discussion has largely shifted to how the future of the relationship between the EU and UK will develop. Recognizing that the existing literature covers this topic in sufficient depth, this paper aims to implement elements of the Principle Agency Dilemma when examining key decisions by U.K. policy-makers. The methodological approach of the paper is based on qualitative research methods, including critical analysis of existing theories, case studies, and a detailed review of the existing literature. The paper concludes that the Principle Agency Dilemma has a significant impact on U.K. policy-makers and focuses on the need of ending social media disinformation campaign and using innovative methods to end the gridlock. An example of such a measure could be the ranked voting system as used in some U.S. states including in Maine. The paper further takes note of measures that could be used to decrease the democratic deficit caused by the 2016 Brexit Referendum.

**KEY WORDS:** Brexit; Principle Agency Dilemma; public policy; moral hazard; democratic deficit.

## POVZETEK

Malo je bilo bolj pomembnih tem za bodoč razvoj Evropske unije, kot je bila odločitev volivcev v Združenem kraljestvu za izstop. Razprave so se predvsem premaknile v smer, kako se bo v prihodnje razvijal odnos med EU in Združenim Kraljestvom. Upošteva se, da je na to temo že veliko literature, skuša ta članek z uporabo elementov t.im. Principle Agency Dilemma proučiti ključne odločitve oblikovalcev politike v Združenem kraljestvu. Metodološki pristop temelji na kvantitativnih raziskovalnih metodah, vključno s kritično analizo obstoječih teorij, študij primera in podrobnega pregleda obstoječe literature. Članek ugotavlja, da ima Principle Agency Dilemma pomemben vpliv na britanske oblikovalce politike in se osredotoča na potrebo po prenehanju dezinformacijske kampanje preko socialnih medijev ter na uporabo inovativnih metod, da se konča pat pozicija. Primer takega pristopa bi lahko bil rangirni volilni sistem, kot je v uporabi v nekaterih zveznih državah v ZDA, vključno v Maine. Članek tudi navaja ukrepe, s katerimi bi lahko zmanjšali demokratični deficit, pozročen z referendumom 2016 o Brexitu.

**KLJUČNE BESEDE:** Brexit, Principle Agency Dilemma, javna politika, moralni hazard, demokratični deficit.

---

1 ABOUT THE AUTHOR: Filip Kokotović, PhD, is a former teaching and research assistant at the Dag Hammarskjöld University of International Relations and Diplomacy in Zagreb. He is the owner of Logos, Sole Proprietorship, and teaches at the XV. Gymnasium in Zagreb. Email: filip.kokotovic@hotmail.com

## INTRODCUTION

The Brexit Referendum, originally held in 2016, has had a profound impact on the political environment of both the European Union<sup>2</sup> and on the political landscape of the United Kingdom<sup>3</sup>. The existing literature provides a significant and expansive overview of the implications of Brexit and attempts to make relevant predictions on how it may shift the future of developing public policies and (Gamble, 2018; Kilkey, 2017). There are numerous concerns on how the relationship between the EU and the UK will develop in the future and whether or not this is an element that will completely reshape the direction of politics in Europe (Gamble, 2018). As the existing literature already covers these concerns in detail, the goal of this paper will be to cover a more narrow aspect of the Brexit debate. Without focusing on the future relationship with the EU or how this will impact the political and economic future of Brexit, this paper will aim to assess the role of the Principle Agency dilemma in the Brexit decision-making process. The relevance of this research is to provide a relevant contribution to understanding the internal political environment in which UK policy-makers are acting and to raise awareness of the dangers of such elements of morally hazard behaviour that have become increasingly frequent in the modern political environment.

In order to do so, the paper will be divided into the following sections, of which the first will aim to explore the genesis of the Principle Agency Dilemma and other relevant theoretical approaches and discuss how it is relevant to modern politics. The second section of the paper will aim to determine the impact of the Principle Agency dilemma on the Brexit process with special emphasis to certain relevant determining factors such as the decision of a majority of the Parliament of the UK to vote against the Withdrawal Agreement endorsed by Prime Minister Theresa May. The third section will examine relevant policy recommendations that could be used to minimize the role of the Principle Agency dilemma in the political system of the UK. This section will also aim to implement some of these possible policy recommendations on the Brexit negotiating process. The final section of the paper will consider all of the possible policy alternatives, as well as the arguments mentioned in the discussion, to recommend possible policy solutions and ideas where future research should be focused on.

---

2 Further in the text: EU.

3 Further in the text: UK.

Through the process of implementing such a structure, the paper will be based on a qualitative research framework. Aside from examining the Principle-Agency dilemma, the paper will also examine selected relevant parts of the institutionalist, protectionist and neofunctional arguments related to the Brexit process. The paper will examine the relevant Brexit events and conduct a detailed case study of the most relevant factors, while conducting a detailed literature review to develop the key policy recommendations of the paper. The paper hypothesizes that the Brexit process has been influenced by the Principle-Agency dilemma where all of the political actors in the UK have been unable to detach the future of the Brexit negotiating process from their own previously-stated arguments concerning the Brexit referendum.

### **THE PRINCIPLE-AGENCY DILEMMA**

There are two basic principles of the Principle Agency Dilemma as defined by Waterman and Meier (1998) are that there are conflicting interests between the principle and the agent and that there is an asymmetrical level of knowledge where the agent has more knowledge than the principle. While Waterman and Meier (1998) questioned the legitimacy of these basic principles, they can be applied to the Brexit debate as it was clear that Members of Parliament as agents knew far more than citizens who were making decisions concerning the Brexit referendum and when they voted in the snap election called by Prime Minister Theresa May. There have been numerous elements that have contributed to the development of the Principle Agency Dilemma, such as the element emphasized by Miller (2005, p.203), where he places additional emphasis on the negotiation of administrative procedures.

The basic elements of the Principle Agency Dilemma are also explored in Ross (1973, p.134) who explained that the issue of Principle Agency can occur in any relationship where there is a contractual arrangement, such as the relationship between the politicians of a nation-state and the citizens that are governed. Another element relevant to the Principle Agency Dilemma is that principles can use economic means, such as paying larger wages to politicians, in an attempt to mitigate the damages of the Principle Agency Dilemma (Kivistö, 2008). This political and economic issue derives from the fact that elected officials may select to place their personal gain ahead of the interest of the constituents or citizens whom they are through a social contract expected to follow (Ross, 1973).

There have been alternative views and discussions concerning the Principle Agency Dilemma. Posner (2001) views the Principle Agency Dilemma through a viewpoint in the United States where the heads of the executive and legislative branch are the principles, while the federal agencies are agents. Posner (2001) primarily discusses the need of objective cost analysis as minimizing the risk of moral hazard throughout the Principle Agency Dilemma. Another view and one adopted by the paper that conforms to that of Posner (2001) is that citizens can be the principles while the agents are all elected officials. As emphasized by Saam (2007), there are some basic hypotheses of the Principle Agency theory that are not intuitively logical. For example, the assumption that principles have far more power, while agents benefit from the asymmetry of information may not always be correct (Saam, 2007). Such an assumption can be applied to the political process in the UK where, in theory, voters have powers as principles who have the power to decide on elected officials, while the same elected officials can have more information on relevant political processes and long-term events.

A problem identified by Posner (2001) can also be applied to the case of Brexit, as Posner (2001, p.1140) identifies that one of the elements where the Principle Agency Dilemma may cause a problem is that even when the principle and the agent have similar goals, strategic thinking and different specific interests may lead to results that are not compatible with the interests of both sides. This can be seen in the case of the 2016 Brexit referendum, where citizens were asked to evaluate whether they wanted to remain or leave the EU and many authors have questioned the validity of the debate (Forss and Magro, 2017). The “simplistic narrative” as defined by Forss and Magro (2017) questions to which degree citizens were capable of making qualified choices as principles that are providing directives to Members of Parliaments as agents. The questionable validity of such a debate and the reliability of the information provided by both sides of the argument contributes to the democratic deficit of the entire process.

The lack of understanding on how to proceed in this issue and in how to proceed in Brexit negotiations has caused authors such as Gee and Young (2017) to label the issue of Brexit as a constitutional crisis. The lack of clarity provided by the basic legal structure of the UK contributes to the overall inability of the political system to devise a coherent set of policies that would set to implement a set of policies that are

clearly, at least in the short-term, detrimental to the economic interests of the country (Gee and Young, 2017, p.131). There is ample precedent for using the Principle Agency Dilemma as a basis for analysing particular public policies (Lagerkvist, 2012; Rauchhaus, 2009; Braun, 1993). The ability to apply the model can be done on different public policies and on different political systems, including the social media sector in China as was conducted by Lagerkvist (2012). Considering all of the actions of the Members of the UK Parliament through the view of the Principle Agency Dilemma can enhance problems concerning moral hazard in not only the UK, but in most parliamentary democracies.

Such a view is comparable to several models in political science, particularly with Rational Choice theory as outlined by Petracca (1991). While the Principle Agency Dilemma primarily focuses on the problems in following public interest, most proponents of Rational Choice Theory stress the viewpoint that those in positions of power are likely to try to use political power to maximize their own self-interest (Petracca, 1991, p.289). As explained by Boudon (2003), the primary shortcoming of Rational Choice Theory is the rather limited definition of rationality, while the idea of self-interest as advocated by Petracca (1991) is actually a concept that is constantly evolving. Another argument that can be made is that the differences of self-interest and socially-acceptable behaviour are constantly being tested and society has undergone significant shifts since the definitions provided by Petracca (1991).

As can be seen from the previously mentioned example and other authors that have dealt with Rationale Choice Theory, it is usually used to explore a particular political phenomenon related to populism or when the basic principles of the Principle Agency Dilemma are not being conformed to (North, 1990; Wang, 1996; Snidal, 2012; Huber and Dion, 2002; Hix, 2007). The basic principle in the Principle Agency Dilemma is that, regardless of the perceived value of not implementing a decision that favours the personal interests of the agent, he should attempt to make the best possible decision for his constituents (Ross, 1973). As can be seen in Hix (2007, p. 131), Euroscepticism can be perceived as a rational decision to minimize the interest of a growing bureaucracy, a move to maintain power by the state that also conforms to the perception of voters in defending the traditions of a particular nation-state. This is, on the other hand, not an element that is visible in the Brexit debate, as will be explored in the following section of this paper.

## DISCUSSING PRINCIPLE-AGENCY DILEMMA IN THE CONTEXT OF BREXIT NEGOTIATIONS

Rather than being defined through affiliation towards a political party, campaigning for either remain or leave has been perceived as a defining trait for politicians in the UK in the aftermath of the referendum. The decision to leave the EU was passed along lines that divided the society by demographics, geographical areas and transcended the usual divides of the political system of the UK.<sup>4</sup> Largely due to these reasons, it has taken the UK a long time to establish a clear negotiating position and it has been difficult to understand the shifting positions of the government due to the fact that the referendum only provided a very binary option. In the absence of clear guidelines, there have been several events where political parties have developed public policies that reflected their own priorities in the aftermath of Brexit.

One of the defining moments of the Brexit debate and one that should have been taken far more seriously, in the context of Principle Agency, was the 2017 Parliamentary Election. During that time, the political parties offered a clear sense of what they believed was the best course of action in terms of how close the future relationship with the EU was supposed to be. It was a critical moment of reflection that was slightly complicated by the fact that the Labour leader, Jeremy Corbin, focused almost exclusively on domestic priorities such as the National Health Service, while largely ignoring the overall impact of Brexit and promising to negotiate a soft departure from the EU that would not endanger the future economic prospects of the UK (Allen, 2018). During such a moment when the divide present in the referendum seemed to persist in the 2017 election and neither of the large parties could independently form a majority, the UK Prime Minister Theresa May focused on implementing the Brexit results in a manner that would not further divide the Conservative Party and that would ensure that the Democratic Unionist Party (DUP) party continued to support its policies in Parliament (Heath and Goodwin, 2017). The way a large part of the negotiating framework was framed was so that it reflected some of the electoral priorities of the Conservative Party and the key promises of the Leave Campaign.

A relevant element mentioned by Allen (2018) was that it was not clear what Brexit was supposed to mean nor what the phrase “Brexit means

<sup>4</sup> More details can be found in the following: <https://www.theguardian.com/commentisfree/2019/oct/22/remain-identity-survive-brex-it-young-generation>.

Brexit” meant in terms of practical diplomatic negotiations. The red lines set by the UK government were in contradiction to the economic realities that the EU was that the closest trading partner of the UK and that any increase in trade barriers would likely lead to economic losses for both sides. Many of the principle goals, including a decrease in net migration, rejecting the authority of the European Court of Justice and ensuring that the UK left both the European Single Market and the European Union Customs Union were adopted from the Leave Campaign despite the fact that voters never explicitly expressed preferences for such goals nor did they provide the Conservative Party with a majority in Parliament in the 2017 Parliamentary Election to provide full democratic legitimacy to such policy proposals. As emphasized by Sampson (2017), the costs of Brexit due to the increasing trade barriers between the UK and its primary trading partners can be between 1 and 10 percent of the country’s GDP per capita income. This conforms to most of the existing literature concerning the topic and Sampson’s (2017) view clearly illustrates that there is no empiric support that Brexit may enhance any of the critical macroeconomic indicators relevant to the economic growth of the UK.

Despite this fact, Prime Minister Theresa May and the Conservative Party pursued the red lines as a basis for approaching negotiations in a time when the political scene was increasingly polarized and many politicians feared a backlash in case there was any questioning of the 2016 Brexit Referendum result. As a result, the Prime Minister faced difficulties transforming such inputs, that were largely based on the domestic policies of the UK, into practical negotiating outcomes that could be accomplished in negotiating with the EU. This was shaped not only by the domestic political arena of the UK but also by their past experiences in negotiating with the EU where the EU would allow for concessions in return for U.K. support for the European project. Rather than acting on the anger and resolve of the electorate that politicians, acting as the agents in this scenario, largely helped fuel, it was necessary to develop a more stable negotiating framework and find a balanced approach to the Brexit negotiations.

Despite such worrisome trends, conforming to some of the most cynical ideas concerning the Principle Agent Dilemma as presented by Saam (2007), most of the political parties in the UK have participated or supported implementing Brexit in some form. This is one of the elements that should be explored through the viewpoint of the

Principle Agent Dilemma. There have been numerous constituencies where the issue of Brexit has gone beyond party lines and Labour Members of Parliament (MPs) have endorsed Brexit in some form.<sup>5</sup> It is difficult to make a credible argument that political parties are endorsing Brexit in order to execute the decision of the electorate when such a large number of voters has been misled on the issue.<sup>6</sup> Bastos and Mercea (2019) emphasize that, aside from voters being potentially misled, that there was also a chance of planned disinformation from outside forces as almost 14,000 highly polarizing users stopped being active in the aftermath of the 2016 Brexit Referendum. Many of them were suspected to be bots that were meant to encourage hyper-partisanship and to increase non-constructive debates on social media in the public (Bastos and Mercea, 2019). This is another issue that many democracies are dealing with as it seems increasingly difficult for voters on opposite side of the political spectrum to agree on the specifics of factual evidence.

Regardless of all of these issues, British MPs had several opportunities to help enact the referendum results. In accordance with standard democratic practices, if they supported such a practice and believed that it was in the interest of the public, there were at least four attempts to help enact Brexit. The issue there derived not only from the Principle Agency Dilemma, but the problem recognized by Allen (2018) in emphasizing the vague nature of the phrase “Brexit means Brexit”. As leaving the EU was an abstract concept for many, the Leave Campaign never had to fully describe a plausible alternative to a UK after leaving the EU. There was no realistic vision described by the Leave Campaign nor did the vision set out by Prime Minister Theresa May help her in winning a Parliamentary majority in the 2017 UK Parliamentary Election, meaning that many MPs had their own personal version of what form of Brexit was the best for the UK and largely acted on these visions.

This can best be seen by the group of Eurosceptic MPs known as the European Research Group (ERG), most of whom did not support any kind of version of the EU Withdrawal Bill negotiated by Prime Minister May, as they believed that the bill did not go far enough in ensuring that the UK had enough flexibility in determining its future trading

---

5 More details can be found in the following: <https://www.bbc.com/news/uk-politics-48027580>.

6 Some of the information can be found in the following: <https://www.independent.co.uk/news/uk/politics/final-say-brexit-referendum-lies-boris-johnson-leave-campaign-remain-a8466751.html>.

relationships.<sup>7</sup> This is one of the points during the process where a new referendum would perhaps have been most beneficial as it would have shown the preference of the electorate on what kind of future relationship they wanted the UK to negotiate with the EU. Another problem is that understanding such an issue in a climate as polarized as identified by Bastos and Mercea (2019) would have made any such referendum very difficult to carry out. It is clear why many in the Conservative Party argued for a new relationship with the EU that would significantly curb migration, despite the danger of ending free movement could do the economy of the UK.

It can be detected that the hypothesis originally supported by O'Rourke and Taylor (2006) concerning protectionism has a clear connection to the Brexit debate. Their key hypothesis can be summarized as: Democratization will lead to more liberal trade policies in countries where workers stand to gain from free trade; and to more protectionist policies in countries where workers will benefit from the imposition of tariffs and quotas. According to standard Heckscher-Ohlin theory, therefore, democratization will boost support for free trade in labour-abundant countries, and lower it in labour-scarce economies. (O'Rourke and Taylor, 2006, p.3).

While the UK is in no way a labour-scarce country, the way the Leave Campaign portrayed the main problems of the UK emphasized the need for change and focused on primarily protectionist arguments. Despite the frequent repetition of these protectionist arguments and the supposed necessity of quickly exiting the EU, a majority of MPs rejected the deal three times prior to Prime Minister Boris Johnson's Withdrawal Bill passing into the second reading stage. The reason why the Withdrawal Bill was not supported is connected to both the Principle Agency Dilemma and to a minor degree to institutional theory. Regardless of the fact that the internal fighting within the Conservative Party was one of the key motivators for seeking the 2016 Brexit Referendum, institutions such as political parties still have a role to play in maintaining social order. As such, a number of MPs left the Conservative Party or voted against motions that prevented a no deal Brexit from being a feasible scenario. The practical outcome of such votes, including the passing of the

---

7 A brief overview of the bill can be found here: <https://www.theguardian.com/politics/2018/nov/14/theresa-mays-brexiteer-deal-everything-you-need-to-know>.

Letwin Amendment<sup>8</sup>, shows that some elements of British domestic politics still conform to institutional theory more than the Principle Agency Dilemma. In preventing a no-deal outcome, these MPs sought to preserve order even at the expense of their own positions within the Conservative Party.

On the other hand, in voting for an election, many Conservative MPs showed behaviour that completely conformed to the more cynical aspects of the Principle Agency Dilemma. Despite the fact that there was a possible majority for a deal to negotiate an orderly exit from the EU, a majority of MPs decided to hold an election because they saw it as a favourable moment to face the opposing party. The main rationale provided by many Conservative Party MPs was that Parliament was obstructing Brexit.<sup>9</sup> In case the political parties wanted to debate only that singular issue, a new referendum would have been a far more effective way of focusing the attention of the public on such an issue and it would have provided the opportunity for both sides to outline the case for defining the future relationship of the EU. Aside from the detailed analysis of the problems that led to the inability to resolve the Brexit gridlock, this paper also examines relevant policy recommendations.

## **PRACTICAL PROBLEMS AND POLICY SOLUTIONS**

A significant problem that can be seen in the Brexit process is the lacking regulation on how a withdrawing member-state<sup>10</sup> such as the UK can proceed in the negotiations. Rosamond (2016, p.866) already provided strong argumentation that the main causes of a lacking functional mechanism for leaving the EU was the necessity of community-building. The other relevant argument was the prevalence of institutionalist and neofunctional thinking in the EU where “institutional designs tend to outlive the imperatives that gave rise to them” (Rosamond, 2016, p.866). The case outlined by Rosamond (2016) can be seen in the Brexit process as the outdated use of Article 50 of the Treaty on EU clearly did not provide an adequate time frame for a country that

8 More details can be found on the following: <https://www.theguardian.com/politics/2019/oct/19/what-does-the-letwin-amendment-mean-for-brexit-timetable-boris-johnson>.

9 These events included some unprecedented efforts including the political party in power effectively calling a motion of no confidence in its own government in multiple instances. Despite losing that vote, it continued to believe that it had the necessary democratic mandate to rule. More details can be found in the following: <https://www.bbc.com/news/uk-politics-49004486>.

10 The term “withdrawing member-state” refers to a member-state of the EU has, through its own Constitutionally-determined processes, decided to leave the EU.

had serious grievances with the EU to have an option of leaving the EU with a negotiated trade agreement or a draft of one. Taking into consideration the length and difficulty of negotiating relevant multilateral legislation, providing a two-year period after the withdrawing member-state has notified the EU of the desire to leave the EU.

A counter-argument can be observed to these claims, as Article 50 does not provide any mechanism of determining at what exact point the government of the withdrawing member-state decides to notify the EU. An argument could be made that contradicts the view of Rosamond (2016) whose basic argument is that the limited definitions provided are a self-defence mechanism of the EU bureaucracy in an attempt to preserve the institutional framework of the organization. The EU at no point defines at which point the withdrawing member-state has to notify the EU, meaning that the withdrawing member-state could have identified the final aims in its negotiation with the EU, decided on several possible courses of action and it could have held another referendum to determine another or even several possible options in order to express the democratic preference of voters. An example of a system that allows for several possible options is the ranked-preference system used in state-wide elections in Maine in the 2018 American Elections that was used to elect the legislative representatives of that state to the 116<sup>th</sup> United States Congress, as well as the local elements of government in Maine.<sup>11</sup>

Much like the system of binary options of two principle political parties may frustrate voters in elections in the United States, it is feasible that the binary option of “leave” and “remain” might be insufficient to determine the will of the UK electorate. Through a several-stage process where the electorate makes a qualified decision on the options that include leaving with a deal that includes benefits such a custom union, leaving with a deal that only builds on World Trade Organization benefits without a custom union, leaving without a deal, remaining in the EU and other possible options could help minimize the contradictory issue of a democratic deficit caused by the referendum. While this would be a long process that may not be suitable for the current political climate of the UK due to the exhaustion of the electorate with the topic of exiting the EU, this would be a process that would lead to an outcome that had a clear majority of voters behind it.

<sup>11</sup> Further details on the relevance of this process can be found in the following: <https://www.nytimes.com/elections/results/maine-house-district-2>.

While it may seem contradictory that a referendum can create a democratic deficit and there are some political cultures where referendums clearly contribute to the quality of the political discourse, several political systems such as the UK and other examples show that political parties can interpret the will of a relative majority of voters to pass legislation or take significant actions in the interest of the political party or special interests. This is perhaps the very essence of the Principle Agency Dilemma as individuals within the Conservative Party are behaving in the interest of maintaining the political relevance of their party instead of addressing the interests of their constituents. By applying the referendum result in a manner that is consistent with their own beliefs or personal interests, certain politicians within the UK are breaching the basic requirements as stressed by the Principle Agency Dilemma.

The use of referendums can be highly misleading as they are easily characterized as “the will of the people”. Such phrases are highly common, yet they do not take several relevant factors into account. The will of the people is most often not a persistent attitude towards a particular problem and it takes away the right of the citizens to change their mind about a particular issue. If such a logic could be followed, then it is unclear why the referendum was required as the UK had already held a referendum on EU membership in 1975 and an overwhelming majority of 67% of the vote supported the UK remaining in the European Community. This emphasizes that referendums, much like elections, only capture the particular preference of the electorate at a given moment and it is up to politicians to interpret the results of these referendums.

Most of the solutions that are devised to resolve the Principle-Agency Dilemma, as summarized by Saam (2007), would likely not be beneficial in the case of the current political climate of the UK. Some of the general theoretical proposals are reward systems, monitoring systems, screening, and vertical integration (Saam, 2007, p.828). As described by Saam (2007), the use of reward systems may not be beneficial in the case of Brexit as it focuses on aligning the interests of the principle and the agent. As the electorate is highly divided in the case of Brexit, it is not even fully possible to determine what the interests of the electorate are. Monitoring systems also may not be effective as the government needs to be able to maintain sensitive negotiations and it has shown reluctance in revealing sensitive information concerning no-deal preparations. As discussed by Saam (2007, p.828), perfect monitoring is

not possible in most circumstances and the case of Brexit is even more complex than most elements of the Principle Agency Dilemma.

As another possible theoretical solution, vertical integration can be considered. As perceived by Saam (2007), vertical integration is focused on the concept that agents need to comply with the instructions of principles and the agent should face sanctions in case he does not follow these instructions. Much like the case of monitoring systems, the unique characteristics of the Brexit case make it possible for different members of the political class to claim that they are following the principles of vertical integration by claiming to follow the will of the electorate in regards to the Brexit referendum. Screening is not particularly effective as a method of testing potential agents as the screening process as defined by Saam (2007) is effectively conducted more by political parties than voters. Aside from requesting certain pre-qualifying criteria from politicians interested in running for some political office, very little can be done in conducting effective screening measures due to the difference between how politicians can represent themselves to voters and their actual opinions and motivation. As emphasized by Nelson (1987), when considering such criteria in the US, many of these criteria are slightly arbitrary and the inclusion of additional qualifications or criteria would not necessarily have a positive impact on most political systems.

Most developed political systems have limited screening in regards to formal quotas and pre-qualifying criteria. The only notable exceptions are required quotas for gender representation that are present in numerous European political systems and that can help ensure better representation of women in the legislative and executive branch of government (Krook and Norris, 2014; Weeks and Baldez, 2015). Even in this area, many authors have begun to believe that it is necessary to move beyond quotas in ensuring that the system provides fair opportunities for candidates regardless of gender or race (Krook and Norris, 2014). Any additional criteria for political office can often be misrepresented as elitist in case the required qualification is a higher education degree. There has been an extensive debate in numerous countries whether such a form of screening can even be introduced by the government's respective legislative bodies as emphasized by Tillman (2016). To summarize, most of the policy recommendations identified by the existing literature seem to be inapplicable to the specific political climate of the UK.

## CONCLUSION

The 2016 Brexit Referendum largely defined the agenda for many Western democracies and showed that a new wave of populism was present in the UK. It also showed the potential for organized disinformation through social media to cause increased polarization in a political system. As a result, the referendum result has left a large portion of the electorate disillusioned with politics which would be the principle goal of any seeking to disrupt the political system of the United Kingdom. The paper has found numerous elements in the aftermath of the Brexit process where the Principle Agency Dilemma can be observed. Perhaps most notably, even after there seemed to be a working majority to enact Brexit, the decision by the Conservative Party to call an election seems to largely conform to the more cynical propositions of the Principle Agency Dilemma. As many of these aspects derive from populist and protectionist arguments, future research should also be focused on how these elements have once again become a significant aspect of the modern political discourse.

While the paper recognizes that most of the traditional methods of dealing with the Principle Agency Dilemma may be ineffective in dealing with the aftermath of the Brexit referendum, the paper recommends a ranked progressive referendum process as a possible policy alternative. Despite the fact that it may contribute to the increased polarization of the political environment in the UK, it would effectively provide U.K. elected officials, acting as the agents, with a clear verdict from the electorate, acting as the principle in this scenario. Despite the fact that such a debate may place a short-term strain on the faith of a part of the electorate in U.K. politics, this may be the most effective approach to providing a democratic solution to the topic.

## REFERENCES

- Allen, N., 2018. 'Brexit means Brexit': Theresa May and post-referendum British politics. *British Politics*, 13(1): pp. 105-120.
- Baston, M.T. & D. Mercea, 2019. The Brexit Botnet and User-Generated Hyperpartisan News. *Social Science Computer Review*, 37(1): pp. 38-54.
- Braun, D., 1993. Who Governs Intermediary Agencies? Principal-Agent Relations in Research Policy-Making. *Journal of Public Policy*, 13(2): pp. 135-162.
- Boudon, R., 2003. Beyond Rational Choice Theory. *Annual Review of Sociology*, 29: pp. 1-21.
- Forrs, K. & L. Magro, 2017. Facts or Feelings, Facts and Feelings? The Post-Democracy Narrative in the Brexit Debate. *European Policy Analysis*, 2(2): pp. 12-17.
- Gamble, A., 2018. Taking back control: the political implications of Brexit. *Journal of European Public Policy*, 8: pp. 1215-1232.
- Gee, G. & A.L. Young., 2016. Regaining Sovereignty? Brexit, the UK Parliament and the Common Law. *European Public Law*, 22(1): pp. 131-147.
- Heath, O. & M. Goodwin., 2017. The 2017 General Election, Brexit and the Return to Two-Party Politics: An Aggregate-Level Analysis of the Result. *The Political Quarterly*, 88(3): pp. 345-358.
- Huber, E. & M. Dion, 2002. Revolution or Contribution? Rational Choice Approaches in the Study of Latin American Politics. *Latin American Politics and Society*, 44(3): pp. 1-28.
- Kilkey, M., 2017. Conditioning Family-life at the Intersection of Migration and Welfare: The Implications for 'Brexit Families'. *Journal of Social Policies*, 46(4): pp. 797-814.
- Kivistö, J., 2008. An assessment of agency theory as a framework for the government-university relationship. *Journal of Higher Education Policy and Management*, 30(4): pp. 339-350.
- Krook, M.L. & P. Norris, 2014. Beyond quotas: strategies to promote gender equality in elected office. *Political Studies*, 62(1): pp. 2-20.
- Lagerkvist, J., 2012. Principal-Agent Dilemma in China's Social Media Sector? The Party-State and Industry Real-Name Registration Waltz. *International Journal of Communication*, 6: pp. 2628-2646.
- Miller, G.J., 2005. The Political Evolution of Principal-Agent Models. *Annual Review of Political Science*, 8: pp. 203-225.
- Nelson, M., 1987. Constitutional Qualifications for President. *Presidential Studies Quarterly*, 17(2): pp. 383-399.
- North, D., 1990. *Institutions, institutional change and economic performance*. Cambridge, UK: Cambridge University Press.

- O'Rourke, K.H. & A.M. Taylor, 2006. Democracy and Protectionism. *NBER Working Paper*, no. 12250, National Bureau of Economic Research. Available from: <https://www.nber.org/papers/w12250.pdf> , accessed 25<sup>th</sup> of November, 2019.
- Petracca, M.P., 1991. The Rational Choice Approach to Politics: A Challenge to Democratic Theory. *The Review of Politics*, 53(2): pp. 289-319.
- Posner, E.A., 2001. Controlling Agencies with Cost-Benefit Analysis: A Positive Political Theory Perspective. *The University of Chicago Law Review*, 68(4): pp. 1137-2001.
- Rauchhaus, R.W., 2009. Principal-Agent Problems in Humanitarian Intervention: Moral Hazards, Adverse Selection, and the Commitment Dilemma. *International Studies Quarterly*, 53(4): pp. 871-884.
- Rosamond, B., 2016. Brexit and the Problem of European Disintegration. *Journal of Contemporary European Research*, 12(4): pp. 864-871.
- Ross, S.A., 1973. The economic theory of agency: The principal's problem. *The American Economic Review*, 63(3): pp. 134-139.
- Saam, N.J., 2007. Asymmetry in information versus asymmetry in power: Implicit assumptions of agency theory? *The Journal of Socio-Economics*, 36(6): pp. 825-840.
- Sampson, T., 2017. Brexit: The Economics of International Disintegration. *Journal of Economic Perspectives*, 31(4): pp. 163-184.
- Snidal, D., 2012. Rational Choice and International Relations. In Carlsnaes, W. (Ed.) *Handbook of International Relations*. London, UK: SAGE, pp. 85-111.
- Tillman, S.B., 2016. Who Can Be President of the United States?: Candidate Hillary Clinton and the Problem of Statutory Qualifications. *British Journal of American Studies*, 5: pp. 95-121.
- Wang, K.H., 1996. Presidential Responses to Foreign Policy Crises: Rational Choice and Domestic Politics. *Journal of Conflict Resolution*, 40(1): pp. 68-97.
- Waterman, R.W. & K.J. Meier., 1998. Principal-Agent Models: An Expansion? *Journal of Public Administration Research and Theory*, 8(2): pp. 173-202.
- Weeks, A.C. & L. Baldez, 2015. Quotas and qualifications: the impact of gender quota laws on the qualifications of legislators in the Italian parliament. *European Political Science Review*, 7(1): pp. 119-144.
- <https://www.independent.co.uk/news/uk/politics/final-say-brexit-referendum-lies-boris-johnson-leave-campaign-remain-a8466751.html> (accessed 4<sup>th</sup> of September, 2019).
- <https://www.theguardian.com/politics/2018/nov/14/theresa-mays-brexit-deal-everything-you-need-to-know> (accessed 5<sup>th</sup> of October, 2019).
- <https://www.nytimes.com/elections/results/maine-house-district-2> (accessed 2<sup>nd</sup> of September, 2019).
- <https://www.theguardian.com/commentisfree/2019/oct/22/remain-identity-survive-brexit-yo->

[ung-generation](#) (accessed 30th of October, 2019).

<https://www.bbc.com/news/uk-politics-48027580> (accessed 7<sup>th</sup> of November, 2019).

<https://www.theguardian.com/politics/2019/oct/19/what-does-the-letwin-amendment-mean-for-brexit-timetable-boris-johnson> (accessed 30<sup>th</sup> of November, 2019).

<https://www.bbc.com/news/uk-politics-49004486> (accessed 30th of November, 2019).