

The structure of Government

Federal Republic of Germany



Germany overview

Population 83 million¹
Population per km² 237²

Government expenditure
as % of GDP 44%³

Place in World League

people's trust in government ⁴	12	(55%)
people's satisfaction with life ⁵	13	(79%)
GDP per capita ⁶	19	
Legatum Prosperity Index ⁷	14	
Freedom in the world ⁸	18	

Note: all data are pre-2020 to exclude the effect of Covid-19

Governance overview

At the federal level, the German constitution divides power between the executive, the legislative, and the judiciary.

There are four levels of governance in Germany: federal, state, county, and municipalities and parishes. States have a high degree of discretion and autonomy in deciding structure of Local Governments.

Electoral system

Members of the Federal and lower tiers of government are elected by mixed-member proportional representation. The one exception is the Upper Chamber, where members are elected by the States.

Direction of devolution

Top-down: Subnational governments have the right to legislate in all areas which are not vested solely to central government by the constitution.

However, these powers must be exercised in accordance with federal law and any further devolution in powers must be approved by a specially assembled federalism commission composed of members of each of the two federal legislative assemblies.

Political style

Coalition governments are predominant on both the federal and the state level, leading to a distinctive political culture of consensus in Germany. However, the consensus-building system has been accused of being unaccountable, and the most recent election cycle saw a political fracturing that may signal an end to the 'era of consensus'.⁹

Income equalisation

This is predominantly horizontal, from state to state, rather than from federation to state.

Unusual features

There is a great interweaving of competencies between the national and sub-national levels.

The Upper Chamber of the Federal parliament is not directly elected but made up of representatives from each state. The number of representatives per state is proportional to the population of the state.

Federal Government

Parliament consists of two chambers: a lower chamber and the Upper Chamber (Bundesrat). The Lower Chamber is elected by the citizens and the Upper Chamber by the states (Länder).

	Lower chamber	Upper chamber
Members	709	69
Population per member	117,000	1.2 million
Electorate	national	state cabinets
Full or part time	full time	mostly full time
Pay ratio to national average wage	3.1	2.2
Weeks of sittings per year	22	11

Elections

Frequency	4 years	with state elections
Turnout last time	76%	-

Legislation process¹⁰

Bills are largely proposed by federal government, although both the Lower Chamber and the Upper Chamber have the power of initiative. Every bill is read in the lower chamber three

times before the final vote. Once a bill is adopted by the lower chamber, it is referred to the upper chamber.

Bills which require the consent of the upper chamber are listed in the constitution (Basic law) and fall into the following categories: bills that amend the constitution, bills that affect the finances of the states, or bills that affect the organisational and administrative jurisdiction of the states.

Voting procedures are predominantly based upon a simple majority, but certain bills relating to the election of the Chancellor or amendments to the constitution require a two-thirds majority.

Once an act is adopted by the lower chamber (or in certain cases, both chambers), it is forwarded to the President for signature and publication in the Federal Law Gazette.

Responsibilities

Defence, foreign affairs, immigration, transportation, communications, and currency standards. The federal and state governments also share concurrent powers in civil law, refugee matters, public welfare, land management, consumer protection, public health, and the collection of vital statistics.

Of total government expenditure

spent at federal level 60%¹¹

Source of funds

Federal and state taxes 100%

Who decides

Tax type: Federal and state legislatures with concurrent power

Tax rates: Federal and state legislatures with concurrent power

Who collects tax

Jointly administered by Federation and states

Unusual features

The Upper Chamber of the Federal parliament is not directly elected but made up of representatives from each state. The number of representatives per state is proportional to the population of the state.

State Government

Governance

The Federal Republic of Germany is divided into sixteen states

- 3 city states have no further tiers of Government - average population 2,000,000.
- 13 (non-city) states are divided into counties - average population 6,000,000

- 8 states have a mid-level administrative tiers (Province) with 3-7 provinces per state with an average population of 2,400,000.

The states enjoy a high degree of autonomy. Each has its own constitution, government and unicameral parliament. The states' autonomy is guaranteed through the constitution (Basic Law), which states that any powers not reserved for the federal government are held at the state level.

States	Average	High	Low
Number	16		
Average population	5.2 million	17m	681,000

State parliaments

Members	117	205	55
Population per member	38,000	89,900	8,178
Full or part time	most full-time		
Pay ratio to national average wage	2.2	3	1.7
Weeks of sittings per year	11	13	7

Elections

Electorate	state		
Frequency	4-5 years		
% turnout	62%	72%	48%

Legislation process¹²

Legislative processes vary from state to state. Generally, bills can be introduced from within the State Parliament (by individual members or by parliamentary groups), by the state government or by the people, in the form of popular petitions. Bills are to be approved by the State Parliament.

Responsibilities

Police, courts, prisons, local authority governance, education, universities, culture, some aspects of healthcare, environmental law.

Mandated by the Constitution.

States expenditure as a % of ¹³

total government expenditure	22%
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Main taxes

Joint taxes: income tax, VAT, corporation tax divided equally between federation and states.

Local taxes: inheritance tax, beer duty and gaming casinos levy.

Source of funds

Raised through joint taxes & local taxes	99%
Block grants	1%
Mandated grants	-

Who decides

Tax type: Federation and state legislatures with concurrent power

Tax rates: Federation and state legislatures with concurrent power

Who collects tax

States

County government

Governance

States have a high degree of discretion and autonomy in deciding structure of Local Governments. As a result, there is great diversity in the size and governance of counties depending on state. There are 401 counties in Germany¹⁴, 294 rural and 107 urban.

Counties are governed by a directly elected district councils and led by either a high level administrative officer or mayor.

Counties

Number ¹⁵	401
Population average	207,000

County Government

Members	3-105
Population per member	590
Full or part-time:	part-time
Pay ratio to national average wage ¹⁶	20 – 30 euros per session. Some councillors also receive an annual fee of 120 – 600 euros
Weeks of sittings per year	Sits when a session is called

Elections

Frequency	5-6 years
Turnout, average	49% ¹⁷

Legislation process

The independent legislative power of municipal councils is exercised in the form of a bylaw or a municipality ordinance. Legislation is decided and passed by councils at public meetings.¹⁸ Voters may pass laws through referenda.

Responsibilities

Functions and public services: energy and water supply, housing and construction, social welfare, local fire brigade, public transport, roads and cultural amenities.

Expenditure as a % of¹⁹

total government expenditure	15%
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Main Taxes

Alcohol duty, hunting and fishing tax, entertainment tax, property tax, licensing tax, secondary residence tax.

Source of funds:

raised locally	65% ²⁰
state grants	35% ¹

Who decides

Tax type: County authority (bound by budget principles dictated by the state)

Tax rates: County authority (bound by budget principles dictated by the state)

Who collects tax

States and local authorities share tax administration duties

Municipalities & Parishes Government

Governance

Municipalities (urban) and parishes (rural) are the lowest administrative level.

They are governed by parish or municipal councils and headed by a chairperson who may have a title such as committee president, mayor or civil chairman.

Municipality & parish governments

Number	11,000
Population average	7,000

Members 8 – 90

Full or part time part-time (voluntary)

Weeks of sittings per year Sits when a session is called

Elections

Electorate municipal/parish

Frequency 4-6 years

Turnout 54%²¹

Legislation process

Laws can only be issued at federal or state level. Council decisions are made in meetings by majority vote. It may use advisory committees to facilitate its tasks.

Some municipalities are voluntarily grouped under a joint authority, adding an additional administrative tier. Joint authorities only take on tasks that exceed the means of individual municipalities.

Responsibilities

School administration, cultural and leisure facilities, building planning, welfare.

Expenditure as a % of²²

total government expenditure	3%
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Main Taxes

Alcohol duty, hunting and fishing tax, entertainment tax, property tax, licensing tax, secondary residence tax.

Source of funds²³:

raised locally	49%
state grants	51%

Who decides

Tax type: County authority (bound by budget principles dictated by the state)

Tax rates: County authority (bound by budget principles dictated by the state)

Who collects tax

States and local authorities share tax administration duties

Further reading

An ABC on taxes – Ministry of Finance of Germany:

https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/2012-10-30-abc-on-taxes-pdf.pdf?__blob=publicationFile&v=17

Financial relations of the Federation - Ministry of Finance of Germany:

https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/2018-03-28-financial-relations-federation-pdf.pdf?__blob=publicationFile&v=13

References

¹ https://www.destatis.de/EN/PressServices/Press/pr/2019/01/PE19_029_12411.html

² <https://data.worldbank.org/indicator/en.pop.dnst>

³ [https://ec.europa.eu/eurostat/statistics-](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Total_general_government_expenditure,_%25of_GDP,_2017.png)

[explained/index.php?title=File:Total_general_government_expenditure,_%25of_GDP,_2017.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Total_general_government_expenditure,_%25of_GDP,_2017.png)

⁴ <http://dx.doi.org/10.1787/888933533606>

⁵ <http://www.oecdbetterlifeindex.org/topics/life-satisfaction/>

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- ⁶ https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=US&year_high_desc=true
- ⁷ <https://www.prosperity.com/globe/germany>
- ⁸ Freedom House
- ⁹ <https://www.nytimes.com/2017/11/24/world/europe/germany-merkel-coalition.html>
- ¹⁰ <https://www.loc.gov/law/help/national-parliaments/germany.php>
- ¹¹ Government at a Glance 2017 - © OECD 2017 – figure includes social security payments which are administered at federal level and are among the highest of the OECD nations
- ¹² https://www.bayern.landtag.de/www/bestsys/LT_Maximilianeum_engl_web_150410.pdf
- ¹³ https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Press_Room/Publications/Brochures/2018-03-28-financial-relationships-federation-pdf.pdf?__blob=publicationFile&v=13
- ¹⁴ <https://stats.oecd.org/Index.aspx?DataSetCode=SNGF>
- ¹⁵ <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>
- ¹⁶ https://www.rnz.de/nachrichten/metropolregion_artikel,-Metropolregion-Aufwandsentschaedigungen-Was-Gemeinde-und-Stadtraete-in-der-Region-verdienen-_arid,224675.html
- ¹⁷ <https://ecpr.eu/Filestore/PaperProposal/01e7547b-e87f-4fea-9363-c34c72c86543.pdf>
- ¹⁸ <https://germanlawarchive.iuscomp.org/?p=380>
- ¹⁹ <https://www.regionalstatistik.de/genesis/online/data;sid=C12E1416F9B466BBFE29F0ACEB967B54.reg1?operation=statistikAbruftabellen&levelindex=0&levelid=1561314032807&index=2>
- ²⁰ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Total_revenue_and_total_expenditure,_from_or_to_other_sectors_of_the_economy,_as_shares_of_general_government,_2016.png
- ²¹ Michelsen, Claus, Peter Boenisch, and Benny Geys. "(De)Centralization and Voter Turnout: Theory and Evidence from German Municipalities." *Public Choice* 159.3 (2014): 469-83. Web.
- ²² <https://www.regionalstatistik.de/genesis/online/data;sid=C12E1416F9B466BBFE29F0ACEB967B54.reg1?operation=statistikAbruftabellen&levelindex=0&levelid=1561314032807&index=2>
- ²³ <https://www.ifo.de/DocDL/dicereport108-forum3.pdf>