

TABLE 1.—*State and local construction activity, 1947-65*¹

	Activity (millions of 1957-59 dollars)		Average annual rate of increase (percent)
	1947	1965	
Total State and local.....	\$3,279	\$13,396	8.2
Nonresidential building.....	635	4,351	11.3
Educational.....	363	3,042	12.5
Hospital and institutional.....	75	397	9.6
Administrative and service.....	57	414	11.6
Other nonresidential.....	140	498	7.3
Nonbuilding construction.....	2,644	9,106	7.1
Sewer.....	329	954	6.1
Water.....	286	699	5.1
Highways.....	1,631	6,543	8.0
All other.....	398	910	4.7

¹ The statistics for 1947 and 1965 are prepared by Business and Defense Services Administration on a comparable basis by using the "old" Bureau of the Census series which terminated with 1965.

The growth of highway construction, traditionally a large expenditure item for State and local governments, was stimulated in the first decade after the war by the ABC Federal-aid program under which the Federal Government contributed 50 percent of funds. But, this growth tapered off by the midfifties, setting the stage for the new Federal Interstate Highway program under which the Federal Government provided 90 percent of funds. The influence of the new 41,000 mile program was not clearly evident until 1958, when constant dollar expenditures for highways rose 15 percent above 1957.

For other types of State and local construction there was also substantial growth from 1946 to 1949 as immediate postwar needs were dealt with. Dips in physical activity took place in the early 1950's, when State and local governments were facing difficulties getting voter approval for financing many projects. In the early 1960's, a new Federal-aid program to aid waste treatment plant construction resulted in a resurgence of growth for this category. The relative affluence of State and local governments as compared to pre-World War II years had a favorable influence on the growth rate for administrative and service buildings.²

B. CHANGING MATERIAL REQUIREMENTS OVER TWO DECADES

Between 1947 and 1965 the proportion of total State and local construction expenditures spent for materials increased from 35 to 50 percent (table 2). Seven of the eight major State and local construction categories showed a rising proportion of materials outlays. The eighth category, administrative and service buildings, for reasons not entirely clear, showed a slight decline.³

² This category includes general office buildings, courthouses, State capitals and city halls, jails and penitentiaries, police stations and firehouses.

³ The information on materials usage for this State and local category is based on Federal office building construction which may not be typical.