

gates and reinforcing steel was consumed for pavement, bridges, drainage structures, and pipe in highway construction. In addition, aggregates were also extensively used for highway subbase.

Available statistical data do not make possible the determination of the proportion of shipments consumed in 1947 by State and local construction for most materials. Among the cases where comparisons between 1947 and 1964 could be made, there is only one instance where the proportion of total shipments was lower in 1964—steel pipe. This decline reflects a shift to concrete pipe for State and local use while a greater use of steel pipe materialized in private pipeline construction and in other private uses.

Cement, bitumens, reinforcing and structural steel are products which became increasingly dependent on State and local construction during the past two decades. This trend was particularly influenced by highway construction which has accounted for one-half of the constant dollar value of all nonfederally owned public works, except housing. Whereas highways consumed about 10 percent of all cement shipments in 1947, in more recent years about one-fourth of all shipments went to highways. Reinforcing steel for highway construction represented about one-fifth of all shipments of this product in 1947, but approached one-half of all shipments by the 1960's. Not only has there been a steady trend toward the use of more reinforced concrete in highways but higher standards have called for more use of reinforcing steel per unit of concrete. The use of more bridges and overpasses for highways since 1947 also nearly doubled the 15 percent of total shipments of fabricated structural steel. The dependence of bitumen on new highways is not only due to the influence of higher standards but also reflects a decline in highway maintenance and repair work relative to new construction. Thus, whereas in 1947 new highways accounted for about a fifth of bitumen shipments, by 1964 this proportion almost doubled.

The dependence of materials industries on State and local construction by 1975 is not likely to change markedly from the present. Since the rate of growth in expenditures for State and local construction is expected to be within the range of expectations for all construction, it will continue to account for about one-fourth of total new construction expenditures as it has for the past 8 years. Furthermore, technological and productivity changes in State and local public works will probably be similar to those in the private and Federal sectors so that shifts toward certain materials will be similar in all sectors. One area where the dependence pattern might change because of factors outside the construction industry is iron and steel for which demand depends more on industries other than construction. Assuming no significant shifts in other uses, it is possible that a smaller portion of steel output will be used for construction, particularly in the State and local sector.

II. BUILDING MATERIALS AND CONSTRUCTION COSTS

A. CAPACITY AND PRICE TRENDS

In the immediate postwar period the lifting of price controls and the rush to fill the backlog of unmet construction needs of all types, private and public, sparked a rapid increase in the prices of building materials.