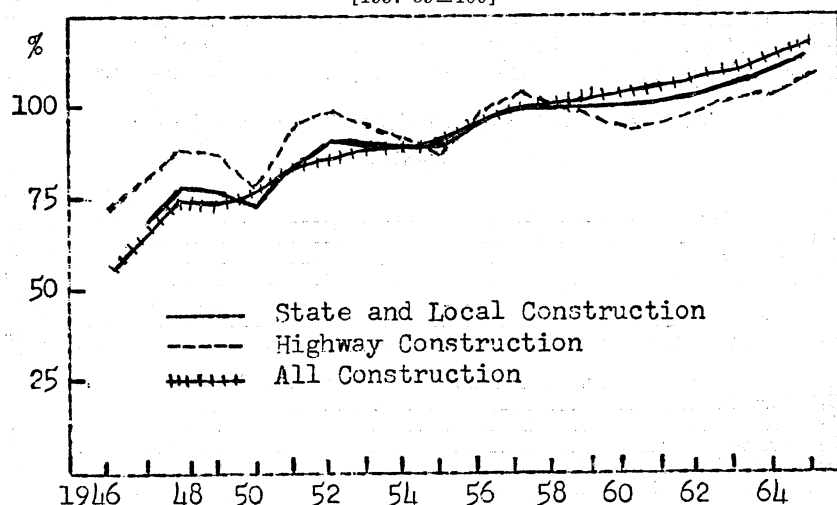


CHART II. CONSTRUCTION COST INDEXES, 1946-1965
[1957-59=100]



Source: Bureau of Public Roads, Bureau of the Census, and Business and Defense Services Administration.

Sewer and water facilities showed a similar 90 percent increase in construction. By far the most important materials for this type of construction, produced by the stone, clay, and glass industry groups, are concrete and clay pipe. Their prices soared by 61 percent and 77 percent, respectively. Large increases in the price of steel products, which account for about 8 percent of total expenditures for these facilities, was also an important aspect of rising construction costs.

III. SIGNIFICANT TRENDS IN BUILDING MATERIALS INDUSTRIES

Output of most building materials industries over the past 20 years has been primarily geared to the needs of private construction. However, the major suppliers of rock products and some types of pipe depend mostly on publicly owned nonbuilding types of construction. The overall growth patterns of building products industries have reflected the substitution of new products for traditional materials as well as the growth and mix changes of construction activity. The impact on a large group of materials differs widely, varying from gains of over 10 percent to declines of 10 percent in average annual change in output (table 5). An example of product substitution is the displacement of radiators and convectors in favor of warm air furnaces. In the case of brick, an average growth rate of 1.7 percent a year occurred despite the substitution of other products such as concrete for traditional brick uses, mainly because of the overall increase in construction activity during the 20 years.

Technological change in construction as a whole since World War II may be characterized best as a wave of change which has been dubbed the "industrialization of building." As a craft-based and geographically fragmented industry, changes in construction technology have in general been initiated from scientifically based external industries,