

Public-Private Partnerships Can Power the Green Economy

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At the first presidential debate, Hillary Clinton expressed a desire for the United States to become the “clean energy superpower of the 21st century.” Donald Trump responded that he, too, believes in all forms of energy, but that the U.S. government is limited in what it can finance due to its existing debt.

Although the federal government has for the most part never had to balance its checkbook, so to speak, state and local governments throughout the country are often required to have balanced budgets. One method municipalities have successfully employed (and with increasing frequency in recent years) in order to provide for needed infrastructure improvements without traditional public-debt financing is public-private partnerships. P3s, as they are called, leverage private financing and expertise to [provide public facilities and services](#). We recently wrote about the possibility of implementing [P3s for electric-vehicle infrastructure](#), and P3s could similarly be implemented to provide any component of the coming “green economy.”

Already, private dollars are being utilized to provide [low-carbon energy and infrastructure](#). Although the federal government will no doubt play a role in the future, state and local governments, in partnership with private firms, can play a greater role than in past decades. For example, public-transportation systems have relied almost exclusively on federal subsidies for their construction and operation since the 1970s. So when federal funds dried up, so did the development of new transit systems. Now a local government can use a public-private partnership, either in combination with reduced federal funding or in some cases in lieu of federal funding, to develop a new transit system that would otherwise go unfunded.

This is not merely hypothetical—nearly the entire New York City subway system was developed with a public-private partnership in the early 1900s. Similar models were used for many of the major infrastructure projects of the time. Just as they were used to meet the massive infrastructure needs of the early 20th century, P3s can be implemented to meet the even greater infrastructure needs of the future.

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