Kiplinger

BY BOB HELLMAN PUBLISHED 25 JUNE 2025

Uncertainty generated by the Trump administration's trade agenda will likely keep world financial markets on the back foot at least for the short term.

But while President Donald Trump has demanded Federal Reserve interest rate cuts as the antidote for any economic malaise his trade policies may cause, there's also a more well-defined path that helps lead back to American economic health: investing in our own backyard via improving our nation's infrastructure.

But given that the public till is empty, governments at every level should now turn to private capital to help rebuild America's infrastructure backbone.

It’s an innovative and efficient approach what would provide a tonic for our economic ailments even as we create infrastructure assets that would fuel America’s manufacturing revival.

FDR’s Works Progress Administration and Civilian Conservation Corps built roads, bridges, schools, national parks and dams that still serve us today.

Eisenhower’s Interstate Highway System laid the groundwork for America’s booming postwar economy.

And in more recent times, federal, state and local infrastructure investments have all provided local job creation, improved logistics and modernized public facilities of all kinds.

A potential powerful economic stimulant

But federal and state governments are drowning in debt, and most local governments can’t even pass basic school bond measures without fierce political pushback. The appetite — and ability — for new public borrowing is evaporating, even as the need for massive infrastructure renewal grows greater than ever.

That’s where private capital comes in.

Private infrastructure — funded by pension funds, sovereign wealth funds, family offices and institutional investors — can be a powerful economic stimulant without swelling public debt.

The projects that private infrastructure funds would be willing to take on are not high-risk or speculative. Private infrastructure investments, when properly structured, provide long-term, stable cash flows, frequently supporting essential services like transportation, education, health care and communications.

And unlike government funding with its notorious inefficiencies and cost overruns, private capital brings financial discipline and on-time delivery of projects.

Pursuing private infrastructure projects at scale could create an entirely new wave of economic progress and success — without deepening government deficits and debt.

How it would work

Private capital funding of infrastructure works fundamentally differently from government funding — and has vastly greater odds of succeeding than traditional infrastructure spending would.

While not every kind of infrastructure need can be financed with private capital, a surprising number such as schools, roads, power lines, bridges and even city hall buildings can be.

Here's how private infrastructure projects typically come together. A government entity (city or state) starts by identifying urgent needs — like a failing bridge or an outdated school — and exploring partnerships where private firms help design, fund and maintain the project under a shared agreement.

Often, private capital sources also proactively approach communities with ideas for solving infrastructure problems. Once aligned on goals, the two sides negotiate terms, share responsibilities and move forward to deliver the project efficiently and sustainably.

The private sector is already stepping up, with measurable results:

The Long Beach Civic Center in California

Through a public-private partnership (P3) arrangement, the Long Beach Civic Center, including a new city hall, library and park space, all delivered on time and within the $520 million budget.

The city avoided upfront costs and now benefits from a modernized civic campus designed for energy efficiency and community accessibility.

Rapid bridge replacement program in Pennsylvania

In one of the first large-scale bundled P3 infrastructure projects in the U.S., over 550 aging bridges across Pennsylvania were replaced in under three years — at a fixed cost and fixed schedule — by private contractors backed by institutional investors.

The traditional public procurement route would have taken more than a decade.

An express lane project in North Carolina

A 26-mile Interstate 77 express lane project in Charlotte, financed by another P3 coalition, is a $636 million project to create additional tolled highway lanes that will ease congestion for all motorists.

A unique role during uncertainty

These projects are just a glimpse of what's possible through private infrastructure. They illustrate infrastructure's unique role during periods of economic uncertainty: It's not a bailout. It's a build-up, a multiplier. Every dollar spent has tangible, lasting effects — not just on GDP, but on daily American life.

And if, in fact, the Trump administration is successful in bringing significant manufacturing operations back to the U.S., the need for logistical infrastructure will increase even more dramatically. Private investment offers a way to move forward without adding to deficits.

Even more critically, infrastructure projects deliver real jobs that can't be outsourced. Electricians, HVAC technicians, architects, engineers and project managers all benefit.

These are family-sustaining roles with long-term career potential, many of them accessible to workers without college degrees.

Private capital also unlocks innovation. Investors are not constrained by political election cycles or outdated procurement rules. They can adopt sustainable building materials, integrate smart technologies and ensure ongoing performance through lifecycle maintenance contracts.

And because private capital demands accountability, the chances of catastrophic cost overruns drop significantly.

Unlike public projects like New York's East Side Access, which ran over budget by $7 billion and finished 14 years late, or Honolulu's rail system, which more than doubled in cost to $12.4 billion, private infrastructure deals are enforced by contracts that protect the taxpayers — and investors — from runaway budgets.

How investors can get involved

Accredited investors can gain exposure through infrastructure-focused funds or private investment managers that target long-term, income-producing assets like schools, bridges or broadband networks.

There are downsides to investing in private capital. For example, private capital needs a path to exit — typically through a sale or long-term lease — so it's critical to ensure those outcomes align with community priorities and don't compromise public access or affordability.

The old infrastructure model — waiting for Congress to fund a trillion-dollar infrastructure package — is broken. We need a 21st-century approach that brings together public ambition and private discipline.

By enabling private capital to invest in infrastructure that benefits communities, creates good jobs and respects the taxpayer, we can build not just bridges and schools — but confidence, opportunity and a more stable future.

Bob Hellman CEO, American Infrastructure Partners

In 2006, Bob Hellman founded American Infrastructure Partners (AIP), bringing with him more than 30 years of experience as a private investor in real assets and infrastructure. Throughout his career, Bob has built and led companies across sectors including building materials, energy distribution, transportation, school infrastructure and last-mile logistics. An innovator in financial structuring, he holds several patents on financial securities. At AIP, Bob focuses on transformative infrastructure initiatives through funds dedicated to bridges, post offices, school facilities and broadband expansion. He is passionate about addressing America's infrastructure gaps and delivering lasting value to underserved areas.
