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Duane Morris: Has P3 Reached a Tipping Point in The United States?

Malcom Gladwell's 2000 best-seller The Tipping Point: How Little Things Can Make a Big Difference posits that most social shifts (or epidemics, as Gladwell refers to them in his book) share common characteristics, including what he refers to as (1) the law of the few, (2) the stickiness factor, and (3) the power of context. Gladwell asserts that a few influential innovators, whether purposefully or unintentionally, influence society to change, that the changing force has an "it" factor that captures our imaginations and that societal context can speed up change in a way that seems epidemic. These three factors come together and form a phenomenon Gladwell refers to as a Tipping Point, where an idea can go from small to big in a real hurry.

Though not stated with the exact paradigm used in Gladwell's book, this is essentially what Moody's Investors Services Managing Director Chee Mee Hu says is happening for Public Private Partnerships (P3s) in the United States. He states:

More US states and governments around the world are using P3s to develop and maintain public infrastructure . . . Two inter-related trends are at work that could cause P3 activity to expand: the need to upgrade, replace or build out essential infrastructure assets and the inability of governments to finance these current and future infrastructure investments entirely on their balance sheets.

A solution to an infrastructure problem is taking hold in this country, as a result of its adoption by influencers, and the timing and context are perfect for that idea to become really big. The Moody's press release is available here and refers to Moody's recently released "Global P3 Landscape" report.

P3s have long been touted as a solution to infrastructure funding shortfalls, and, slowly, this concept is taking root across the country. The Moody's article cites to a number of P3 transportation projects already underway, but the reality is that P3 is also being used for downtown city planning in San Antonio and even for scientific cancer research. Furthermore, P3s are also being considered for all manner of infrastructure projects, including schools, ports, tunnels, bridges, and water treatment plants, to name but a few.

Moody's states that P3 models have been steadily increasing over the last five years and that "given the sheer size of its infrastructure and growing urban population, the US has the potential of becoming the largest market for public-private partnerships (P3s) in the world."

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