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**The futility of Greek public debt sustainability under an
austerity regime and an alternative approach to debt
sustainability**

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Abstract: In creditors' view, public debt sustainability crucially depends on the credible implementation of a plan of harsh austerity measures that would enable the achievement of the pre-defined primary surplus targets and the reduction of the debt-to-GDP ratio at a satisfactory pace. This approach has however clearly failed to deliver the expected results in Greece. After six years of exceptional in depth and intensity austerity, Greek public debt dynamics remain off track, the country's solvency risk is stubbornly high and the prospects for returning to market financing in the foreseeable future remain grim. Arguably, the principal reason for this lies in the underestimation of the adverse macroeconomic and financial effects of the dominant austerity paradigm. The aim of the paper is to propose an alternative context of analyzing and evaluating the pervasive effects of austerity on the financial credibility of the Greek public sector. Within this context, it also outlines the main pillars of a socially inclusive crisis resolution strategy for Greece that rejects austerity and puts instead employment creation and investment at the epicenter of the fiscal consolidation process. .