Basque is often described as an ergative language, as transitive subjects and most intransitive subjects have different cases, and the latter have the same case (absolutive) as direct objects. As a consequence, the case on transitive subjects is traditionally labeled "ergative". However, many intransitive verbs have subjects with this case, a fact that cannot be accounted for by any of the well-established generative analyses of ergative case. I argue instead that this case shared by transitive subjects and some intransitive subjects is in fact more akin to nominative, as it is assigned only to subjects that are relatively high in clause structure, specifically, outside VP. I call this case "marked nominative". This explains why unergative subjects (in most dialects) have this case. Unaccusative subjects are trapped inside VP and are thus not marked nominative. A small subset of them are assigned marked nominative, which I argue is the consequence of movement to a VP-external position. Evidence for this analysis comes form intervention effects: a higher argument can block movement of the subject, which is thus prevented from being assigned marked nominative. The account is extended to Differential Object Marking in some varieties of Basque: certain direct objects can surface with accusative case as a result of movement outside the VP, a process that is blocked by a intervening arguments. According to the resulting analysis, Basque can be more accurately described as a 3-case language: VP-external subjects are marked nominative, VP-external direct objects are accusative, and VP-internal arguments (whether subject or object) are absolutive.