



## Elizabeth Warren is furious over Obama's proposed trade deal

By Ezra Klein

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Elizabeth Warren has a talent for making huge fights out of obscure nominations and economic policy provisions. On Tuesday, Warren took aim at Scott Alvarez, the Federal Reserve's powerful general counsel, for his views on banking regulation. Virtually no one knows who Alvarez is. But he's arguably one of the five or six most powerful economic policymakers in Washington. He's the Leo McGarry of the Fed. Warren is unusual in possessing the policy chops to know that Alvarez matters as well as the political heat to make liberals care about him.

But making Scott Alvarez a household name is child's play compared to Warren's latest fight: whipping up outrage over the Investor-State Dispute Settlement provisions in the Trans-Pacific Partnership deal. In a Washington Post op-ed today, Warren writes, "ISDS would allow foreign companies to challenge U.S. laws — and potentially to pick up huge payouts from taxpayers — without ever stepping foot in a U.S. court."

*Here's how it would work. Imagine that the United States bans a toxic chemical that is often added to gasoline because of its health and environmental consequences. If a foreign company that makes the toxic chemical opposes the law, it would normally have to challenge it in a U.S. court. But with ISDS, the company could skip the U.S. courts and go before an international panel of arbitrators. If the company won, the ruling couldn't be challenged in U.S. courts, and the arbitration panel could require American taxpayers to cough up millions — and even billions — of dollars in damages.*

Warren goes on to argue that the rules of that arbitration end up favoring corporations both in the complaints that get hard and the decisions that get rendered. Interestingly, this isn't just a liberal crusade: the libertarian think tank Cato has a lengthy brief slamming the ISDS as "an

unnecessary, unreasonable, and unwise provision to include in trade agreements" that, among other sins, "is not even essential to the task of freeing trade."

This puts Warren on a direct collision course with the Obama administration: passing the TPP deal is one of their top priorities this year.

So can Warren get people to care about ISDS? Maybe! As my colleague Matt Yglesias wrote in his newsletter last night, Warren "has a unique knack among today's elected officials for seizing on things that are languishing in obscurity and making them blow up. The greatest trick the special interests ever played was getting the world to stop paying attention. Warren makes people pay attention."