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Billionaires Behaving Badly: Lakshmi Mittal

By [Mike Schuster](#) Oct 21, 2010 7:20 am

Of this steel magnate's offenses, he who smelt it, dealt it.

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To paraphrase the tagline to David Fincher's *The Social Network*, you don't get a net worth of \$30 billion without being accused of slave labor, overseeing the deaths of 91 miners, logrolling a UK prime minister to help control Romania's state steel industry, or allowing a steel mill to pollute an Irish harbor with toxic waste after laying off 400 of its workers.

Granted, it wouldn't look good on a one-sheet, but when you're the fifth richest person in the world, image doesn't need to be a concern.

Lakshmi Mittal is chairman and CEO of **ArcelorMittal (MT)** -- the largest steel producing company in the world. Headquartered in Luxembourg, the western European company -- as of December 2009 - - employed 281,700 people throughout the world and raked in over \$65 billion in revenue last year. As vice chairman of the World Steel Association, Mittal commands vast control over the industry, and his numerous corporate and political ties grant him almost unparalleled global influence.

In short, this is a man who has enough money and power to modify the tiniest facet of a major world commodity. So why haven't conditions under his management been the

very best they could be?

As the head of ArcelorMittal, Mittal has been accused of running a series of Kazakh coal mines with [abhorrent safety records](#). Between 2004 and 2007, the lax standards were responsible for the deaths of 91 coalminers and the subject of a criminal investigation. Witnesses to a 2006 explosion that claimed the lives of 41 people assert, despite the plumes of flammable gas, managers pushed employees to work so that they may meet their targets. One employee told the *Times*, "The pressures local managers put us under to meet targets so that they can collect their bonuses are more and more stressful. We are being exploited like animals."

Former miner turned trade unionist Pavel Shumkin believed that conditions were bound to improve once Mittal bought the mines, but the billionaire has been accused of harboring slave labor and maintaining working conditions that miners describe as a "suicide mission."

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Shumkin even claimed, "The miners all agree: compared with life now under Mittal, for them everything was better in Soviet times."

Years before the slave labor allegations, Mittal was [embroiled in a political scandal](#) that involved then-UK Prime Minister Tony Blair. Mittal was a huge financial backer to Blair's Labour party, having donated £125,000 a week after the 2001 UK General Elections, and was considered a friend to the British leader. So much so, that when Mittal's former company LNM was trying to gain control of Romania's state steel industry, Blair wrote a "letter of recommendation" to the country's prime minister and, according to [the BBC](#), hinted at a smoother transition into the European Union if the deal went through.

Worse yet, the letter was written while LNM only had 1% of its 100,000+ workforce based in the UK and stood as a major competitor to Britain's own struggling steel industry, Corus.

Regardless of the scandal, [Mittal expanded his business](#) into Romania and the country did eventually make it into the EU in 2007.

But what happens when business has dried up? What does Mittal do when a steel mill is underperforming and leaking radioactive waste into the nearby harbor -- leaving €70 million worth of damage? Well, how does shut the plant down, lay off 400 workers, and throw his daughter a €50 million wedding sound?

As head of Ispat International, Mittal acquired an Irish steel plant in Cork for a song -- one pound, to be exact. But as losses began to mount, [Mittal walked away](#) and left behind hundreds of unemployed workers and a massive environmental disaster. According to the *Sunday Mirror*, the local government tried to sue Mittal to orchestrate a cleanup, but was unsuccessful. As a result, the delays caused further damages.

Green Party finance spokesman Dan Boyle TD told the *Mirror*, "The €30 million clean-up cost would only be if the operation was carried out immediately. But when you add up the cumulative costs, the net cost to the State of the Ispat involvement with the plant, the bill will be €70 million."

And as the toxic materials seeped further into the ground, the proud papa threw his 23-year-old daughter Vanisha an incredibly lavish wedding. Featured in the festivities:

- Vaux de Vicomte, regarded as the finest chateau and garden in France
- A 30-minute €520,000 show from Kylie Minogue
- 5,000 bottles of Mouton Rothschild 1986, costing €3,125,000
- 2,300 bottles of Dom Perignon 1996, totalling €250,700
- Vanisha's wedding trousseau, which included 15 jewel-encrusted creations by top designers and outfits for both families, hitting €30 million

Fittingly, the engagement party was held at Versailles, Marie Antoinette's old stomping grounds. And within this bubble of opulence, Mittal could have easily suggested the wedding cake as a means to clean up the environmental disaster in Cork.

But given the extravagance of the occasion, the icing alone may have cost more than the cleanup.

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