

# ECONOMICS

## The Business of Hip-Hop

### Related Subjects:

Media Literacy  
Social Studies  
Math  
Language Arts

### Objectives:

- o Use media literacy skills to understand the basic economic structure of the music business
- o Analyze the evolution of Hip-Hop as an economic force

### Materials:

Articles

- o “Why Rappers Aren’t Millionaires” (download from Web site)
- o “Brandwashed” (download from Web site)
- o Interview with DMX (download from Web site)

### Introduction:

This lesson is intended to prompt discussions about the economics of Hip-Hop — from the money artists actually earn to product placement in rap songs to entrepreneurship. Despite the dominant images of Hip-Hop stars as millionaires with a stable of expensive cars and multiple mansions, the reality is much more sobering. As DMX points out in his interview, the lucky few who do get signed to a contract usually sign one that is unfair; often they’ll be fortunate to come out ahead even after their fifth successful album.

In addition, the ones who do make it have only a small window in which to achieve wealth, given the relatively short lifespan of a Hip-Hop artist and the fact that few artists control their own publishing rights (although this is slowly changing). In response to this dynamic, many Hip-Hop artists are now creating their own labels or are self-distributing their music. They may lack the resources of the big music giants but they gain independence and a much larger share of the profits.

At the same time, a select few, such as P Diddy and Jay Z, have branched out to other profitable businesses like fashion and restaurants, illustrating how artists have been able to leverage their exposure from Hip-Hop and cross over into the mainstream of commercial America.

### Activity:

Have students, either individually or in groups, select one of the following assignments and present a report — written or oral — on what they find.

- A) Students will use the Hip-Hop artist DMX (or select another artist) as a case study in how the recording industry works. Have students view DMX’s career path through a business lens. Students should pay attention to the various record labels he’s been signed to, and the nature of those contracts. What has caused his negative feelings towards Columbia Records, and then Def Jam? What is he doing to change his course? How successful is he likely to be?
- B) Students should pick an artist and investigate how much he/she signed a recording contract for. They should then use the formula outlined by Wendy Day in her article “Why Rappers Aren’t Millionaires” to calculate how much the artist will actually make after all expenses have been paid back.

*Note: If students can’t find the actual amount the artist signed for, have them make one up and use that in the formula.*



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- C) Students will pick an artist who has branched out beyond the recording industry and prepare a report on the business side of his/her dealings. Students should examine what other companies or ventures the artist has created. Were they able to leverage their fame or their money to start the business? Were there any partners? How successful are the companies? Are the products related to Hip-Hop?
- D) Students should pick an artist and trace them up the “ownership tree.” Many young Hip-Hop artists are signed by an “alternative” label, which is in turn owned by one of the larger labels, such as Universal or Warner Music (in fact, the big five labels — Universal, Warner, BMG, EMI, and Sony - distribute 90% of all the music put out on the market). By following the “ownership tree,” students can gain an appreciation for the mass marketing of artists and the homogenization of the industry.

