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THE MONEY NOTE

Can the record business survive?

By: John Seabrook

When he was a teen-ager, growing up in New York City in the nineteen-seventies, Jason Flom wrote songs, sang, and played guitar for two rock bands, which he named Relative Pleasure and Selective Service. But Flom's dreams of rock stardom ended around the time he started working at Atlantic Records, in 1979, when he was nineteen, and began redirecting his energies into making other people stars. Now forty-two, he is one of the most successful record men of the past twenty years, scoring hits in genres as varied as heavy metal (Twisted Sister), Celtic pop (the Corrs), and rock (Matchbox 20, Sugar Ray). Altogether, his artists have sold more than a hundred million CDs.

In an era when many of the top-selling acts have "flava"-the edgy sound of hip-hop artists and R. & B. singers and rap-metal groups, who emerge from niches and achieve broad recognition-Flom has continued to have success with pop music, that sweet, beguiling, never-too-challenging sound which has been a record industry staple from Bing Crosby to Doris Day to Britney Spears. Flom's specialty is delivering "monsters"-records that sell millions of copies and become rainmakers for everyone else in the record business, because they bring fans into the music stores. Successful record men are commonly said to have "ears," but prospecting for monsters requires eyes for star quality as well as a nose for the next trend. You have to be able to go to thousands of sweaty night clubs, and sit through a dozen office auditions each week, and somehow not become so jaded that you fail to recognize a superstar when you encounter one.

Like the night in 1981 when Clive Davis, then the head of Arista Records, happened to go to a New York supper club and hear a nineteen-year-old gospel singer who was Dionne Warwick's cousin-Whitney Houston. Or the day when Bruce Lundvall, the head of Blue Note Records, had a routine office audition from a singer recommended by an employee in the accounting department-Norah Jones. Or the time in 1997 when Flom met Kid Rock, then an obscure m.c. who had made a couple of records that "stiffed" (sold poorly), in the basement of a Detroit disco at two-thirty in the morning. It is necessary to recognize that ineffable quality a great pop star communicates (Flom calls it "the thing"), but it isn't always necessary to love the way the music sounds. Chris Blackwell, who founded Island Records, told me that he didn't especially like listening to U2 when he first heard them play, in the early nineteen-eighties, but "I could see that

they had something," and so he signed them to his label.

Why should the latent capacity for superstardom in pop, which is perhaps the most egalitarian of art forms, be obvious to only a gifted few like Jason Flom - those great A. & R. (artist-and-repertoire) men whom the record industry celebrates as its heroes? (And they are invariably male.) After all, even the great record men are wrong much more often than they are right about the acts they sign (nine misses for each hit is said to be the industry standard). One wonders how much of the art of hit-making is just dumb luck. Scientists in Barcelona say they have created a computer-based "Hit Song Science" that picks hits much more efficiently than a human can. There's even a Web site, hitsongscience.com, where aspiring pop stars can test themselves on a hit-o-meter.

"American Idol," the popular "Star Search"-style Fox TV show, in which the viewers pick their own stars by voting over the telephone, is considered a "reality show," but the democratic process is not the way stars are actually discovered. In the record business, a few guys still determine the fate of many.

One day last October, I was sitting with Flom in his office at Atlantic, which is part of the Warner Music Group, at Sixth Avenue and Fifty-first Street, when he played me a song by a new artist he had recently signed to his label, Lava Records. (Flom began the label as a joint venture with Atlantic, and then sold his share to the company two years ago, for a reported fifty million dollars.) Lava has a roster of twenty-three artists, and Flom can afford to take "a big bet," as he puts it, on two or three new artists a year. The artist's name was Cherie, he explained, and she was a young French singer whose specialty was the sweeping pop ballad. She was a "belter," as they say in the business-one of those singers who don't hold back.

Flom often has a startled expression in his eyes, as if he were waiting for something to go wrong-a look of disappointed optimism, the feeling that anyone who makes a career out of betting on talent must routinely suffer. But today he looked positively grim as he talked about the record business. Sales of recorded music in the United States have dropped by more than a hundred million units in the past two years, falling well below seven hundred million. The eighteen-year-old Canadian singer Avril Lavigne is the idol of ten-year-old girls across the country, but her debut album, "Let's Go," sold far fewer records in its first six months (four million) than did Alanis Morissette's debut album, "Jagged Little Pill" (seven million), which was released in 1995. Around the globe, the record business is sixteen per cent smaller than it was in 2000. Record labels blame the fans, for lacking the long-term loyalty to pop acts which record buyers used to have, and for engaging in wholesale "piracy" of music, either by copying CDs or by downloading music illegally from the Internet. "There is no precedent for what's happening now in the music business," Flom said. "What would happen if

groceries suddenly became free, or hotels-do you think those businesses would survive?"

However, Flom brightened at the prospect of playing Cherie's demo CD. "I guess you'd call her a diva," he said. "She's seventeen, and she's classically trained, but she sings these pop ballads-and she is phenomenal." He was excitedly hunting for the demo amid the stacks of disks that cover every surface in his office. "I honestly believe she is one of the most important artists I've ever signed." Seeing the skeptical look on my face-a French pop star?-Flom quickly said, "She's also Jewish, and there aren't too many of them left in France, if you know what I mean, so it's a little different from being just French. And," he added, "she doesn't sound French when she sings."

Flom lacks the star quality that he divines in other people. He is neither tall nor physically imposing, and he seems more like a laid-back lawyer than like a record man (his father is Joseph Flom, a patriarch of the New York law firm Skadden, Arps, Slate, Meagher & Flom). He is a friend of Bill Clinton's, and a generous supporter of the American Civil Liberties Union. He is not wild and crazy, although his office, like the offices of most record executives, is full of photographs of him posing with wild and crazy guys such as Kid Rock, who usually has his middle finger extended in the picture. During the nineteen-eighties, Flom tried living like a rock star, but when he was twenty-eight he checked into the Hazelden clinic, in Minnesota, for thirty days of rehab, and he hasn't had a drink or a line since. Now he lives with his wife and their two kids on the Upper West Side.

He had never heard Cherie sing before she and her manager, Jeff Haddad, turned up in his office the previous February, on Valentine's Day, for an audition. Haddad had given Flom his pitch, which, Haddad told me later, included this question: "There are maybe twenty people in the world who can deliver a song the way Faith Hill sings the Diane Warren song that is the theme in the movie 'Pearl Harbor,' and out of those people how many can do it in four different languages?" Then Cherie performed two songs, one in French and the other in English; her only accompaniment was the noisy heating system in Flom's office. On the basis of that half-hour meeting, and Flom's gut feeling that the girl, whose real name is Cindy Almouzni, had that special quality which can move a massive amount of product, Flom signed her to a million-dollar, five-album contract, and was prepared to do everything that a major label like Warner can do to make an artist a big star-"Whatever it takes to put her over," Flom told me. He declined to say how much that would cost, but David Foster, another top hitmaker with Warner Music, told me, "It's basically a five-million-dollar bet. It might cost only five hundred thousand dollars to make the record, but it's so expensive to promote it. If you get on the 'Today' show, you've got to get a band together, fly everyone in and put them up, and by the time you're done it has cost

you fifty thousand dollars."

Last year, the Wall Street Journal ran a story about an unknown eighteen-year-old Irish singer named Carly Hennessy, whose debut CD, from Universal, was the subject of a \$2.2-million marketing campaign yet wound up selling only three hundred and seventy-eight copies in its first three months. "If that happens to me," Flom said, "a lot of people are going to look at me funny." For the artist, the stakes were higher. "This is her shot. It's very rare for an artist to get a buildup like this and then, if things don't go well, come back from it and reinvent herself."

The song Flom played for me that day in his office, "My Way Back Home," is a love ballad written for Cherie by the Canadian singer-songwriter Corey Hart, who has also composed songs for Celine Dion. The lyrics are solidly within the convention of self-help, which is one of the main tropes of the popular love ballad. The singer is finding her way through the darkness, and, in spite of winter storms, bitter cold, and loneliness, manages to reach high and touch the sky, and to find . . . My Way Back Home. It was a surprising choice from the man who gave the world Twisted Sister's "We're Not Gonna Take It," although perhaps this is Flom's genius-understanding how a conventional love ballad and a heavy-metal anthem stimulate the same adult-contemporary emotions. As Doug Morris, the head of Universal Music Group, who was Flom's mentor when Morris ran Atlantic, said to me, "The basic thing is you've got a singer, and you've got a song, and you put them together and it makes people feel good. And if they feel good enough they buy it! That's what it's all about! And it's a beautiful thing when you see it happen-the singer up there singing his song and all the fans are screaming for him. It makes me wanna cry, when I see it."

And Cherie's voice was remarkably appealing. She had the vocal power of Whitney Houston and the feel-good-around-the-edges shimmer of Shania Twain. But she wasn't a screamer; she could sustain the note at the end of a phrase without resorting to vibrato. She hit the high notes effortlessly, could soar from tragedy to triumph in a single breath, and seemed to inhabit the lyrics with complete sincerity. As the chorus rolled around for the second time, I sensed that the song was building toward an emotional climax that people in the record business sometimes refer to as "the money note"-that moment on the record which seems to have an almost involuntary effect on your insides. (According to researchers at Dartmouth who recently studied the brains of people listening to music, the brain responds physiologically to dramatic swoops in range and pitch.) The money note is the moment in Whitney Houston's version of the Dolly Parton song "I Will Always Love You" at the beginning of the third rendition of the chorus: pause, drum beat, and then "liiiiieeeeeeeiiiieei will always love you." It is the moment in the Celine Dion song from "Titanic," "My Heart Will Go On": the key change that begins the third verse, a note you can hear a hundred times and it still brings you up short in the supermarket and transports you from the price of

milk to a world of grand romantic gesture-"You're here / There's nuthing I fear."

David Foster, the producer of "I Will Always Love You," who is among the contemporary masters of the pop ballad (he has written and produced songs for Natalie Cole and Toni Braxton, among others), says that he came up with the expression during a session with Barbra Streisand. "Barbra had hit this high note, and she wanted to know how it sounded, because although you'd think Barbra was real confident she's not," he told me. "And I said, 'That sounds like money!' " He added, "And I don't mean money in the crass sense of that will make a lot of money, although that's certainly part of it. I mean expensive. It sounds expensive."

Cherie hit the money note with full force-"When I cry I'm weak / I'm learning to fly." As her voice went up on "fly," an electric guitar came floating up with it, and the tone was so pure that a chill spread over my shoulders, prickling the skin. Flom pumped his fist when the moment hit, lifted his leg a little, and grimaced.

When the song ended, he asked me what I thought, and I admitted that I had found the money note shattering. But would it produce the reaction Flom was looking for-the effect he had mimed for me earlier, by taking an imaginary wallet from his back pocket, fingering an imaginary bill, and slapping it down on an imaginary counter? What was to stop people from taking the money notes for free?

Flom pointed out that Cherie's music, like that of Norah Jones, should appeal to older people, who are less likely to download music from the Internet. "But who knows?" he said. "It's difficult to compete with free. All I know is what I know-if the star is big enough, people will buy the album, because it's like a piece of the artist. But if the star doesn't have that kind of irresistible appeal then people just say, 'What the heck, I'll download the good songs.' So we just have to figure out how to make her a big star."

MAKING MONSTERS

Five global music companies control more than eighty-five per cent of the record business. (The remaining fifteen per cent is divided among some ten thousand independent labels.) Universal Music Group, which is owned by Vivendi Universal, is the dominant player among the majors; then comes the Warner Music Group, a division of AOL Time Warner; Sony Music Entertainment; the Bertelsmann Music Group (BMG); and the EMI Group. From the early seventies to the mid-nineties, Warner was the leading company in the record industry, but by the end of 2002, with a sixteen-per-cent share of the domestic market, the company had fallen behind Universal, which had a twenty-nine-per-cent share.

The story of Warner Music is a parable for the music industry—a tale of corporate dys synergy. Over the course of the rock era, which began almost fifty years ago, virtually all the original record companies have been bought by larger media corporations. The industry has changed from an art-house business run by the founders of the labels—men with ears, like Ahmet Ertegun, a founder of Atlantic; Chris Blackwell, of Island Records; and Jerry Moss, the co-founder, with Herb Alpert, of A&M Records—into a corporate enterprise run by managers, who in addition to making records have to worry about quarterly earnings and timely results.

Atlantic Records was co-founded in 1947 by the Turkish-born Ertegun, with money borrowed from the family dentist. He began by recording artists like Ray Charles and the New Orleans juke-joint bluesman Professor Longhair. In the nineteen-fifties, Ertegun, working with his partners—his brother Nesuhi and Jerry Wexler, a writer for Billboard—had a string of hit records with singers like Ruth Brown and Big Joe Turner, before the dominant power in the music business, CBS Records (now owned by Sony), discovered the commercial possibility of black R. & B. music. In the mid-sixties, Atlantic expanded into pop (Bobby Darin, Sonny and Cher) and, later, into rock (Buffalo Springfield). In 1968, Ertegun sold the label to Warner-Seven Arts, and the following year Steve Ross's Kinney National bought that company, creating Warner Communications. During the nineteen-seventies, the collection of Warner labels assembled by Ross, and run by the legendary record man Mo Ostin (including Atlantic, Warner Bros., Reprise, Elektra, and Asylum), eclipsed those of CBS, and Warner became the leader of the record industry. Its acts included the Grateful Dead; Crosby, Stills, Nash & Young; the Eagles; Fleetwood Mac; and the Doobie Brothers. "Steve Ross never got involved in anything we did," Ertegun, who continued to run Atlantic after its sale, told me. "He was just happy to see the results." But as Warner Communications grew—it merged with Time, in 1990, and AOL, in 2001—the music business faltered. Ross, who might have been able to run the labels effectively, died in 1992, and Gerald Levin took over.

The business rationale behind the record companies' role in these huge conglomerations was that their corporate owners would use the cash generated by monster hits to pay for other parts of their operations, and the companies would be able to survive the stiffs, thanks to their corporate backing. Corporate ownership also gave record men like Ertegun the financial resources to compete for expensive established acts, like the Rolling Stones, whom he signed in the nineteen-seventies. However, it gradually became apparent that the corporate culture might not provide the best environment for nurturing new talent. Chris Blackwell, who sold Island to PolyGram in 1989 (he now has another independent label, Palm Pictures), told me, "I don't think the music business lends itself very well to being a Wall Street business. You're always working with

individuals, with creative people, and the people you are trying to reach, by and large, don't view music as a commodity but as a relationship with a band. It takes time to expand that relationship, but most people who work for the corporations have three-year contracts, some five, and most of them are expected to produce. What an artist really needs is a champion, not a numbers guy who in another year is going to leave."

Moreover, the kind of controversy that often helps sell records is not good for the corporate image. In the mid-nineties, Warner was well positioned to control the exploding rap market, through its half ownership of Interscope, a label that had been developed by the producer Jimmy Iovine and had recently signed Tupac Shakur. Interscope was allied with Death Row Records, the label run by Dr. Dre and Marion (Suge) Knight, which recorded seminal gangsta-rap acts like Snoop Doggy Dogg. But bad publicity from these acts was hurting Time Warner's other businesses and straining the political connections that the corporation needed in Washington. In 1995, Levin made the decision to sell the company's half share of Interscope, and it eventually became part of Universal. Iovine went on to amass a remarkable streak of hits, including records by Eminem and the rapper 50 Cent. Warner missed out on the rap boom almost entirely.

In the past three years, under the leadership of Roger Ames, a suave, cigarette-smoking, fifty-two-year-old Trinidadian, who took over the Warner Music Group in 1999, the company has had major hits with Linkin Park, Enya, and Faith Hill. Ames has also cut costs to improve profits. However, Warner is fourth among the majors in sales of new music and did not have a record on the list of Top Ten-selling albums in 2002:

1. "The Eminem Show" / Eminem, 7.6 million (Interscope).
2. "Nellyville" / Nelly, 4.9 million (Universal).
3. "Let's Go" / Avril Lavigne, 4.1 million (Arista, a BMG label).
4. "Home" / Dixie Chicks, 3.7 million (Sony).
5. "8 Mile" / Soundtrack, 3.5 million (Interscope).
6. "Missundaztood" / Pink, 3.1 million (Arista).
7. "Ashanti" / Ashanti, 3.09 million (Murder Inc., Universal).
8. "Drive" / Alan Jackson, 3.05 million (Arista Nashville).
9. "Up" / Shania Twain, 2.9 million (Universal).

10. "O Brother, Where Art Thou?" / Soundtrack, 2.7 million (Universal).

But is a winner-take-all strategy the best way to run a record company-for any of the majors? Hit-making is an imprecise method of doing business. Of thirty thousand CDs that the industry released last year in the United States, only four hundred and four sold more than a hundred thousand copies, while twenty-five thousand releases sold fewer than a thousand copies apiece. No one seems to be able to predict which those four hundred and four big sellers will be. The chairman of BMG, Rolf Schmidt-Holtz, told Billboard in December, "We need reliable calculations of returns that are not based solely on hits because the way people get music doesn't go with hits anymore." He added, "We have to get rid of the lottery mentality."

I asked Flom whether he thought hits might become less important to the record business. "That ain't gonna happen," he said. "If anything, hits can be more important than ever, because you can make stars on a global scale now. If the star is big enough, people will want to buy the CD." When I repeated what Schmidt-Holtz had said, Flom looked momentarily stunned. Then he said, "Something must be getting lost in the translation there, because the day we stop seeing hits is the day people stop buying records."

When Cindy Almouzni was eight, in 1992, the video of the Whitney Houston song "I Will Always Love You" came out, accompanied by shots of the singer playing opposite Kevin Costner in the film "The Bodyguard." Cindy was the youngest of three children in a religious household in Marseilles. Her parents are Sephardic Jews from North Africa. As a child, her father fled during the Algerian war, and met his wife years later in France. When Cindy's mother was too busy to watch her, she would put her in front of music videos on TV. Cindy learned "I Will Always Love You," exactly the way Whitney sings it-the breathing, the key change in the third chorus-and she sang it over and over again. At first, she sang the song to herself, then to her family, and then in school. The summer that she was nine, she sang "I Will Always Love You" for several hundred people at a campground where the Almouznis went during August.

Her parents sent her to singing school, and after that she received private lessons. She learned the songs of Jacques Brel and Edith Piaf, but she also continued to sing "I Will Always Love You." At fourteen, she won a local karaoke contest, and went to Paris for a national competition. There, she met a record producer, who invited her to his studio to record a song he had written called "I Don't Want Nobody (Telling Me What to Do)." The vocals were remixed, and the song became a dance track, which wound up in the hands of Jeff Haddad, a languid, affable Californian. "I heard her sing, and she blew me away, and I thought, Let's do what we can to make this happen," Haddad told me. He flew to

France to meet her parents, and they agreed to let him try to make their daughter a star.

Haddad is a manager, but, like many other people in the music industry—producers, songwriters, engineers, lawyers—he functions as a filter between undiscovered talent and a major-label deal. He and Dave Moss, the owner of a small record label, put out a single of Cindy's dance song, and it became an international hit for Cherie Amore, as they decided to call her, back in 2000, when there was a vogue for French house music. On the strength of that success, Haddad commissioned a British songwriter and producer named Paul Moessl to create a pop ballad for Cherie. Moessl wrote a song called "Older" ("My love is older than my years/It's wiser than your fears"). There was considerable interest in the demo, and Haddad scheduled a week of office auditions in L.A. and a week in New York, with people like Tommy Mottola, who was then the head of Sony Music. It was cold in New York, and people were coughing and sneezing while Cindy sang. Jason Flom was the last record guy they saw. "Within thirty seconds of hearing her sing," he said, "I just knew." In Cherie, Flom encountered a singer whose artistic sensibility was derived from the kind of commercial music that record men like Flom produce—her flava was pop. He signed her within a week.

The traditional course in star-making is to begin with a local fan base and gradually grow to global renown. Flom was proposing to market Cherie the other way around—she would appear on the scene as a "worldwide artist," with campaigns in France, Italy, England, and Spain, as well as in the United States. Although the music industry more or less invented the hit, it has struggled to make songs and artists into the kind of global properties that movies have become. (The recent film "X2" opened simultaneously in ninety-five countries.) Music is supposed to be the universal language, but pop depends on regional associations, and on language, which is why the charts in France and Spain and Germany are so different from the pop charts in the United States.

Last summer, Flom presented his future star at the Warner Music Group Summit meeting, held in Barcelona and attended by affiliates from more than a hundred and thirty countries. ("There were some affiliates from countries I didn't even know they had records in," Flom said.) Cherie was a hit, and Flom and Haddad decided that she should sing several of the tracks on her debut album in Spanish and French, as well as in English. They solicited songs from successful pop songwriters, like Kara Dioguardi and Paul Barry, and they hired producers who had scored hits in European and South American countries to work on possible singles for those countries.

Flom told me that in some ways Cherie's youth and obscurity were advantages in making her into a worldwide sensation. Stars often balk at travelling to other

countries to perform, and don't want to keep up the relentless schedule of public appearances which is necessary to sustain a hit record. "The nice thing about Cherie is she's portable," Flom said. "She'll go places and do stuff if we think she should do it."

But, if Cherie truly is an extraordinary artist, why not build her career more slowly? "In an era like this," Flom said, "when the audience has more distractions than ever, you have to reach critical mass to put an artist over. And the outlets you need to do that, the Teen Peoples and whatever, are not going to take you seriously unless they know you are putting a major push behind it."

Of course, it was possible that Flom was wrong about Cherie's talent. Perhaps she wasn't a great artist; maybe she was merely a great karaoke singer, and the audience would be able to tell the difference. On the other hand, maybe the current pop scene is a "karaoke world"-the phrase that the pop impresario Malcolm McLaren uses to describe contemporary pop culture-in which all the great artistic statements have already been made, and the newer artists are merely doing karaoke versions of their predecessors.

In November, I attended a marketing meeting in Flom's spacious corner office to draw up an outline for launching Cherie's career, or, as they say in the business, "blowing her up." Seven Lava staff members were in attendance: Richard Bates, creative; Nikki Hirsch and Lee Trink, marketing; Aaron Simon, product management; Doug Cohen, video promotion; Janet Stampler, new media; and Lisbeth Cassaday, publicity. Before the meeting started, Aaron Simon told the others about the experience of having Cherie sing for him, in the office. "I was, like, 'Do you want me to close the door?' " he reported. "And she was, like, 'No, it's cool.' And she just did it right there. And it was, like-chills."

Flom began by saying that they hoped to take the first single, probably a mid-to up-tempo dance number, to American radio in June, 2003. When record guys hear fans complaining that pop music has become too commercial, they are often quick to blame radio. Radio doesn't play as much new music as it used to, they argue, and the music that is played has to fit into a certain format, which is based on research about what people like to listen to-or, at least, will tolerate. Many stations also carry between fifteen and twenty minutes of commercials an hour. ("If anyone said we were in the radio business, it wouldn't be someone from our company," Lowry Mays, the founder and C.E.O. of Clear Channel, which is the country's largest radio-station operator, with some hundred million listeners nationwide, told Fortune in March. "We're not in the business of providing well-researched music. We're simply in the business of selling our customers products.")

Cherie's music fits almost perfectly into the adult-contemporary format, radio's

largest; Flom thought that Cherie was tailor-made for New York's WLTW 106.7 Lite-FM, the city's most popular music radio station, which is owned by Clear Channel. Jim Ryan, a programming executive there, told me that when Flom played "My Way Back Home" for him, along with two other songs, during a car ride home from an industry event, he said, "Jason, I want to quit my job at Clear Channel and sign up on the Cherie bandwagon."

With luck, Flom went on, Cherie's first single would be a hit, and would cross over from the light-FM stations to the Top Forty stations. At that point, Lava would release the second single, a ballad. Flom was also looking at other ways to promote Cherie. One was a Time Warner DVD, a Batman movie called "Batman: Mystery of the Batwoman"; Cherie was being animated in the film as a sexy singer whom Batman encounters in a late-night boite, and who sings a song called "Betcha Neva" (a song that would be on Cherie's album). He added that there had been tremendous interest in Cherie from "the soundtrack community," especially from makers of animated films, and reminded everyone that Celine Dion's big break came with the theme song from the Disney movie "Beauty and the Beast." "I'm not saying she's another Celine, but there's a road map there."

The group then discussed the possibility of getting Cherie a product-endorsement deal with a company like Revlon. As the expense of blowing up an artist increases, and the prospective payoff in record sales becomes ever more in doubt, the industry is shifting the cost of promoting artists onto advertisers. Sting's 1999 album, "Brand New Day," an Interscope release, sold sluggishly until the artist was featured in a Jaguar commercial singing music from the album-and then sales took off.

The staff addressed the subject of "imaging" Cherie-what kind of look the artist should affect. Cherie's personal style was a work in progress. She was not a dressy kind of girl: she was partial to jeans. Richard Bates, the art director, said that in examining the images of current pop stars he had noticed that there was a middle ground between Britney Spears and Shania Twain, which no one was trying to fill. "The older singers are very polished and classy, and then it jumps down to young and trashy-which we don't want her to be," he said. The danger was that in trying to strike a balance between these extremes you might wind up with nothing at all. In photos from Cherie's first shoot, the artist, dressed in a sleeveless jersey and neat jeans, well scrubbed, her long hair pushed back from her face, looked as if she were ready for a college interview.

Lee Trink talked about making Cherie a keyword on AOL Time Warner's Internet service, and launching a "Who Is Cherie?" instant-messaging campaign.

The staff was undecided on the use of what Lisbeth Cassaday referred as "the 'd' word." Cassaday thought it was best not to call Cherie a diva; Flom wasn't so

sure. "I mean, she is a diva, right?" he said. It was a conundrum. Operatic divas inhabit classic dramatic roles like Tosca and Madame Butterfly, but pop divas, one way or another, have to play themselves, which may be why pop divas wear out faster than operatic divas. The constant blowing up they require eventually causes them to explode.

Once the album went platinum-hit a million in sales-Flom said, they would go to the media with the story of Cherie's life. Flom reminded everyone that the artist was Jewish. He had heard that her synagogue in Marseilles was burned recently, and, "while this should obviously be treated as a very sensitive subject, we could go to Oprah and pitch her as an artist who has suffered violence in her life as a result of her religion."

Everyone nodded.

"You know. It's a story line." THE RISE AND FALL OF THE CD

In 1983, the president of PolyGram, Jan Timmer, introduced what he hoped would become the new platform for the sale of recorded music-the compact disk-at a recording-industry convention in Miami. Technically, CDs were a big advance over vinyl and tape. On a CD, music takes the form of digital strings of ones and zeros, which are encoded on specially treated plastic disks. If the disk is properly cared for, there is no "fidelity degradation"-none of those hisses and pops that vinyl develops over time. The high-tech allure of the CD would allow the industry to raise the cost of an album from \$8.98 to \$15.98 (even though CDs were soon cheaper to manufacture than vinyl records), and the record companies would get a larger share of money, because the industry would persuade artists not to raise royalty rates, arguing that the extra money was needed to market the new format to customers.

Timmer's group was booed by record men in the audience that day. This may have been because the co-inventors of the CD-Philips, which was a corporate partner of PolyGram, and Sony-wanted a patent royalty on the disks. The booing, however, also reflected the music industry's long history of technophobia. A hundred years ago, music publishers were trying to sue player-piano makers out of existence, fearing that no one would ever buy sheet music again. In the nineteen-twenties, the music industry sued radio broadcasters for copyright infringement. Although history has repeatedly shown that new technologies inevitably bring opportunities and create new markets, the industry's attitude toward new technology remains hostile. (Technophobia is also rampant in the film industry: in 1992, when movie studios were suing Sony over the Betamax, claiming that it was a threat to the film business, Jack Valenti, the president of the Motion Picture Association of America, said, "The VCR is to the American film producer and the American public as the Boston Strangler is to a woman

alone." Fortunately for the movie industry, it lost the Betamax case: today, videos and DVDs account for more than fifty per cent of a studio's revenues.)

The CD, of course, turned out to be extremely popular with record buyers. Many fans who already owned music on vinyl dutifully replaced their records with CDs. By 1986, CD sales had climbed to a hundred million worldwide, and by the early nineties hit albums on CD were selling in greater numbers than hit albums on vinyl had sold. In 1999, in what now looks like hubris, the industry's trade organization, the Recording Industry Association of America (R.I.A.A.), created a super-platinum prize with which to honor the new megahits-the Diamond Award, bestowed on records that sell more than ten million copies. (Flom has two Diamond Awards, for Matchbox 20's "Yourself or Someone Like You" and for Kid Rock's "Devil Without a Cause.") CDs also turned out to be a brilliant way of repackaging a label's "catalogue"-all the recordings that were no longer in production on vinyl. CDs spawned a generation of record executives whose skill was in putting together compilations of existing music, rather than in discovering new artists. Through the stock market crash of 1987 and the recession of the early nineties, the CD market grew steadily, until sales abruptly declined in 2001, by six per cent, and then dropped nine per cent in 2002.

Lyor Cohen, the head of Island Def Jam, which is owned by Universal, thinks that the record industry would have been better off without the CD. "The CD kept the whole business on artificial life support," he told me. Without it, the old record industry would have died in the early eighties, and a new, more modern industry would have replaced it. But the CD preserved the status quo. "The record business became a commodity business, not a content-and-creation business," Cohen said. He rubbed his fingertips together. "What was lost was secchie-it means 'touch.' "

Unlike Jason Flom, who has always worked at a record label, Cohen got his start as an artist's representative; he co-managed the Beastie Boys and Public Enemy. Now forty-three, he is tall and speaks with a slight Israeli accent. On the morning I visited Cohen in his office, in Manhattan, he was dressed in jeans and an expensive-looking dress shirt and was puffing on a cigar. He propped his size-13 New Balance sneakers up on his desk as he spoke.

"The A. & R. guys at the record companies had gotten a little older and didn't feel like standing in the back of some filthy hole to listen to a new band," he said. "So, instead, they started repackaging stuff from when they were younger. We got the theme album-'Summer of Love,' 'Splendor in the Grass,' whatever-and by the end of the eighties most of the industry's profits were in catalogue."

Finally, CDs made piracy possible, by making music much easier to copy. Had the platform never shifted from vinyl, the piracy problem wouldn't be nearly so

bad. The zeal with which the labels flogged their catalogues on CD insured that a large amount of previously recorded music was rendered into digital form-almost none of it protected from copying. "None of us wondered what the digitizing of sound waves would mean to our business," Stan Cornyn, a longtime Warner marketing man, wrote in "Exploding," a recent history of Warner Music. "How fidelity degradation, which had held back some from making free tape copies, would no longer be a factor once sound waves got turned into digits. . . . Digital sound, being so casually accepted into our world, was free to cause an epidemic. It would make data copying easy, clean, free, and something that felt about as immoral as killing an ant."

During the past decade, virtually every piece of popular music ever recorded on CD has been "ripped," converted into a compressed digital file known as an MP3 (short for Moving Picture Experts Group Layer Three), and made available online, where anyone with a computer can get it. Once a song is converted into an MP3, it can be copied millions of times without any fidelity degradation. New music is ripped from CDs and uploaded as soon as the records come out (often before they come out, by studio technicians or by music journalists who receive advance copies). Music fans, who used to hear a song they liked on the radio, go to the record store, and buy the album, now hear a song they like on the radio, go to the Internet, and help themselves to it for free. Teen-agers who were once the labels' best customers are now their worst enemies. "Younger fans, at whom pop music is aimed, tend to be comfortable with computers, which is why downloading hurts the best-selling hits more than other kinds of music," I was told by Hilary Rosen, the departing C.E.O. of the R.I.A.A. "As a result, records that might have sold eight million copies now sell five. Unfortunately, these blockbuster sales pay for the development of new artists-Kid Rock pays for all the others." In 2002, the industry shipped 33.5 million copies of the year's ten best-selling albums, barely half the number it shipped in 2000.

Whether or not the record business figures out how to make money from MP3s, the format is here to stay. Just as CDs replaced vinyl, so will MP3s replace CDs. But, whereas CDs made the record business extraordinarily lucrative, MP3s are making it extraordinarily painful-a gigantic karmic correction that may lead to a bigger music business one day, although not before things get worse. Daniel Strickland, a twenty-three-year-old student at the University of Virginia, told me recently, "Maybe it's because I'm in college and I have an eighteen-year-old sister and a ten-year-old brother, but, let me tell you, nobody I know buys CDs anymore. My sister-she just gets on her computer, and she knows only two things, file sharing and instant messaging. She and friends go online, and one instant-messages the other, and says, 'Oh, there's this cool song I just found,' and they go and download it, play it, and instant-message back about it. My brother has never even seen a CD-except for the ones my sister burns."

Napster, the first widely used music-sharing software, appeared in 1999. It was based on a program developed by a nineteen-year-old college student named Shawn Fanning. Later that year, the R.I.A.A. charged Napster with copyright infringement, and, after a hearing in San Francisco, a California federal judge ruled against Napster and eventually closed the service down. But that action did almost nothing to diminish the availability of free music online; people simply began to use other file-sharing programs, like KaZaA, Morpheus, Grokster, and LimeWire. Unlike Napster, these programs, which operate on what are known as P2P (peer-to-peer) computer networks, have no central computer that keeps an index of all the files on the system. Instead, any computer using one of these programs can search and share files with any other computer using the same software. The number of people downloading music files over P2P networks today is thought to be many times greater than the number of people who used Napster at its height; by some estimates, fifty million Americans have downloaded music illegally.

The music industry has launched alternatives to the P2P networks-legal, online music services like Emusic, Pressplay, and Rhapsody. But so far these have failed to attract many fans, partly because they require users to pay monthly subscription fees, rather than selling individual songs and albums. Sony and Universal recently sold Pressplay to Roxio, a software company, which is expected to give its service a new, sexier-sounding name-Napster. Apple's iTunes Music Store, which was launched in April, selling downloadable songs for ninety-nine cents and albums for ten dollars, is the best-designed and best-stocked of the legal services, and the company sold three million songs in the first month of operation. Although sales have fallen sharply, other companies, including Microsoft, are reportedly planning similar services. Meanwhile, the labels are quietly beginning to harvest the marketing data on songs and artists that the illegal networks offer. Warner Music Group worked with Big Champagne, a company that mines data from the P2P networks, but Big Champagne's C.E.O., Eric Garland, isn't allowed to talk about it. "We are still very much the mistress," he told me.

In 2001, the R.I.A.A. joined the film industry in bringing a copyright-infringement suit against some of the larger P2P networks, including Morpheus and Grokster. But suing peer-to-peer networks isn't as easy as suing Napster; for one thing, there's no one to sue. (KaZaA is based on software that was commissioned by two Scandinavian businessmen. The programmers are Estonian. The right to license the program was acquired by Sharman Networks, an Australian company that has no direct employees and is incorporated in the Pacific island nation of Vanuatu.) Also, P2P networks offer a wide range of legitimate applications for research and businesses. In April, a federal judge in Los Angeles ruled that, because Morpheus and Grokster can be used for both legal and illegal purposes,

the companies that distribute the software can't be sued for copyright infringement.

Last fall, several Microsoft programmers released a study of some of the social implications of P2P. They foresaw the networks converging into what the authors called "the Darknet"-a vast, illegal, anarchic economy of shared music, TV programs, movies, software, games, and pornography which would come to rival the legitimate entertainment industry. Unless the government does something about P2P, our entertainment industry could one day resemble China's, where piracy is endemic. With no means of support, many artists would be forced to stop working, and a cultural dark age would ensue. The movie industry, which is a bigger and more politically powerful force than the record business, has yet to see its profits eroded by illegal downloading, but it may be only a matter of waiting until DVD burners become the standard item in PCs that CD burners are now. Unlike the music industry, the film industry is incorporating copy protection into its digital recordings, but the Darknet is full of bright hackers determined to prove their mettle by breaking through the most robust encryption.

In the face of the recent legal setbacks in the R.I.A.A.'s campaign against the P2P networks, the organization's war on piracy has shifted toward the people who steal music. In April, the R.I.A.A. named four university undergraduates in a multimillion-dollar claim for copyright infringement, forcing them to pay between twelve thousand and seventeen thousand dollars each in fines. The day before the R.I.A.A. lost in the Grokster case, it won an important victory in a legal action against Verizon, when a federal judge in New York upheld a ruling that Verizon was required, under the 1998 Digital Millennium Copyright Act, to turn over to the R.I.A.A. the names of customers whom the record industry suspected of illegally sharing music files. (Verizon, which is in the business of selling broadband Internet connectivity, does not want to discourage potential customers, even if downloading music illegally is what they want broadband for.) Last week, the R.I.A.A. announced that it would begin preparing hundreds of lawsuits against individuals, charging the defendants up to a hundred and fifty thousand dollars per song. "It's easy to figure out whose computer is doing it," Hilary Rosen told me.

The record industry has also engaged in less conventional ways of harassing people who use P2P networks, including posting music files that are corrupt or empty, and has explored the legality of using software that temporarily "locks up" any computer that downloads it. Orrin Hatch, the chairman of the Senate Judiciary Committee, when asked a couple of weeks ago whether he favored passing legislation that would override federal anti-hacking laws, said that if other means of stopping illegal downloaders failed, "I'm all for destroying their machines. If you have a few hundred thousand of those, I think people would realize the seriousness of their actions."

Sir Howard Stringer, the chairman of the Sony Corporation of America, calls downloaders "thieves." "That's a reasonably polite way of saying it," he observed recently. "A shoplifter is a thief. That actress wandering around Hollywood helping herself, she was a thief. She should have adopted the Internet defense-'I was downloading music in the morning, downloading movies in the afternoon, and then I thought I'd rustle a few dresses out of the local department store. And it's been a good day, and all of a sudden I'm arrested. How is that fair?' " Many people I met within the record industry seem to regard today's music fans with disapproval. Tom Whalley, the head of Warner Bros. Records, said, "I think the audience is less loyal today than it used to be. The artist has to prove him- or herself with every new album; it feels like you're starting over each time." Fans I spoke to had, for their part, almost nothing good to say about the record industry. "I think the record companies are greedy pigs," said Oliver Ignatius, a fourteen-year-old music fan who lives in Brooklyn, and who knows as much about pop music as anyone I know. Ignatius is the type of fan a record guy would kill for: he downloads, but he also uses file-sharing services to discover new music and to research previously recorded material, and if he likes what he hears he buys the CD. He keeps his CDs in scrapbook-size folders, like a collection of stamps or baseball cards. Oliver thinks that the price of a CD should be six dollars. The industry is currently drawing the line at ten dollars-the price of downloading an album from Apple's iTunes Music Store.

One could argue that the record industry has helped to create these thieving, lazy, and disloyal fans. By marketing superficial, disposable pop stars, labels persuade fans to treat music as superficial and disposable. By placing so much emphasis on hit singles that fit into the radio formats, the record industry has created a fan who has no interest in albums. And the values of the people who share music illegally over P2P networks are, after all, rock-and-roll values: freedom, lack of respect for authority, and a desire for instant gratification-the same values that made so many people in the record business rich.

Still, one of the most galling things about the piracy problem, if you happen to be in the record business, is that not only are the fans gleefully and remorselessly taking the hits you make; they are doing so because they think you deserve it-it's your payback for ripping off artists with years of "plantation accounting." "I hope it all goes down the crapper," Joni Mitchell said of the record industry in *Rolling Stone* last year. "I would never take another deal in the record business. . . . I'll be damned if I'll line their pockets." The following month, in *W*, she called the record industry a "corrupt cesspool," saying that she was leaving the major-label system because "record companies are not looking for talent. They're looking for a look and a willingness to cooperate." (Mitchell's most recent album came out on Nonesuch, a Warner label.) As Malcolm McLaren observed to me, "The amazing thing about the death of the record industry is that no one

cares. If the movie industry died, you'd probably have a few people saying, 'Oh, this is too bad-after all, they gave us Garbo and Marilyn Monroe.' But now the record industry is dying, and no one gives a damn."

SUNSET BOULEVARD

In December, I went to Los Angeles to visit the recording studio where work on Cherie's album was under way, and to meet the artist. Cherie had moved there in June, shortly after finishing school in France. The label had found her a house in Beverly Hills, and she was living there by herself, although Haddad was keeping a close watch over her. Her mother had come to help her settle in, but she had returned home to Marseilles.

Haddad briefed me on Cherie's schedule in L.A. "Her routine is very intense, and it's all about her," he said. "She gets up early, and she works out at home, sometimes with her trainer, then she does her voice lessons, and she does her English lessons, and if she's recording she spends afternoons and evenings at the studio, and if she isn't she meets with agents and movie producers and a bunch of other people who are interested in her."

Westlake Studios is in Hollywood, in a one-story building with blackout windows, at the corner of Santa Monica and Poinsettia. It's an expensive, state-of-the-art studio. These days, almost all the effects that were once only possible to create in a professional studio like this can now be achieved on a home computer with a software program. (A program called Pro Tools will even correct your voice when you sing off key.) Flom's reason for spending the money anyway, as I understood it, was: Anyone can make a record these days, but only a major label can make a really expensive record. This is what economists call "retreating upmarket," which is the classic response of an entrenched industry threatened with a disruptive technology.

Inside, Cherie, who had recently turned eighteen, was behind a glass wall that separated the recording area from the control room. She was singing "pickups"-the bits of the song in which the vocal needed work. Most of the pickups were the "U" sounds, where Cherie sounded most French.

At the controls of an immense mixing board was Humberto Gatica, a producer of hits by, among others, Celine Dion and Michael Jackson. Gatica had silver hair, a slight Spanish accent (he was born in Chile), and a voluble manner. Beside him, co-producing, was the songwriter Paul Moessl, who had written Cherie's original demo, "Older," and was the co-writer of the song they were working on now, "Fool." The musicians had already recorded their parts-the label had bought the services of the best studio musicians, including the rock star Beck's father, David Campbell, who specializes in arrangements for strings.

Moessl estimated that there were fifty thousand dollars' worth of strings on the record. Now Gatica was mixing everything together on the hundred-and-twenty-track system.

Moessl, who was in his early thirties and had lank blond hair, said, "Did you pull down the crunchy loop?" referring to part of the complicated percussion mix.

"No," said Gatica, not taking his eyes off the flashing lights on the console. "I just took a little pressure off the snare."

Moessl turned his attention to a volume on his lap, which was entitled "The Book of Positive Quotations." He was looking for ideas for lyrics for a new song he was writing with Cherie.

"If you are writing an artistic song, you write from inside yourself," he said. "You say, oh, I don't know, 'My dog died today,' or something like that. But if it's a commercial song you look for uplifting things."

The recording of the album had not been going as smoothly as Flom had hoped. For one thing, the songwriters were having trouble creating the right up-tempo number for Cherie-the song that would become the all-important first single. "Ballads are about love," Flom explained to me, "but, at least for the last twenty years, most dance songs are about sex. But Cherie doesn't sing about sex. She sings about love. So we need a dance song about love. 'Push Push in the Bush ' is not the right song for Cherie."

Gatica, his back stiff from bending over the mixing board, seemed to have become temporarily confused by all the sonic possibilities at his fingertips. He paused from his work, sat down with his head in his hands, and remained that way in silence for a minute or so. Cherie waited patiently for him to recover. Finally, he sat up and said, "I was riding in the car the other day, and an Annie Lennox song came on, from ten years ago or so-and, man, it was brilliant. Brilliant production. But now the kids don't want that sound anymore." He threw his hands in the air. "They want simple! Like it's made in a garage! So you do an expensive production like this one, made in a facility like this that costs many thousands of dollars a day, and then you end up grunging it up so that it sounds like it was made in a garage."

Cherie finished her pickups and emerged from the recording room. She wore a navy turtleneck, Levi's, black boots with pointed toes and stiletto heels, and silver bracelets on each wrist, which she twisted with her long, thin fingers. She wasn't as sultry as the animated Cherie in the Batman movie, but she was much more beautiful than she appeared in the label's first photo shoot, with dramatic cheekbones and striking dark eyes. When she smiled, her mouth went

up in the middle but turned down at the corners, in a way that looked French. Her English was passable, and when she was stuck for a word Haddad supplied it. She seemed like a nice, modest girl who was trying hard to please.

We went to a room at the back which was used as a place to hang out between sessions. There were candles burning, and plants, and low, comfortable furniture. Cherie said that she had never been interviewed before, but if she was nervous it added to her charm. I asked her about the feeling she is able to put into a song, adding that Flom had described it as "the thing." Cherie, her eyes bright, responded, "Yes! This is eet! It is the thing. That is exactly what it is-it's just this thing." She gestured toward her chest. "I don't know where it comes from, just comes from inside you-the thing."

As we were talking, I could hear Gatica shouting in Spanish as he worked on the word "learn," which sounded particularly Gallic, playing it over and over again, adding what were to me inaudible effects, and shouting some more.

"So now I will sing for you, it's O.K.?" Cherie asked. She stood up and launched into her lucky song-a Jacques Brel belter called "Quand on n'a que l'amour." The money note is the last note in the piece, and Cherie hit it perfectly, arms reaching to embrace her amour. Chills.

Flom arrived, wearing a suit, and hugged his star. They walked back into the control room, where Gatica was at work. The producer played the song. Flom listened with his head inclined downward, rocking with the beat back and forth, his fist cocked, ready to punch the air when he heard the money note.

But the note never came. When the song ended, Flom looked crestfallen. He said he missed some of the simplicity of the earlier demo.

"Right," Gatica said. "I am combing it now. The idea is to keep it fresh-transparent. Today, records are simpler. People will say this sounds like Whitney Houston. Well, it is a ballad. But we have to make it for a new generation."

They played the song again. "We have been very, very careful not to let the accent get in the way," Gatica said.

"Though you can still tell she's French," Flom said.

"You can tell?" the producer said, sounding alarmed.

"It's not that that's bad," Flom said. "She's French. Hey-it is a Romance language, after all."

Flom departed and Gatica went back to work. Hours later, when I left, he was still at it.

THE LAST POP STAR

On the subject of whether the record industry will survive, there are optimists and pessimists. The optimists think record companies will eventually figure out how to sell music over the Internet, and when that happens the market for music will be three times bigger than it is now. The pessimists say that the industry has missed a crucial opportunity to control the new distribution platform and that unless the government intervenes the recording industry will disappear, and the music business will return to what it was in the nineteenth century, when publishing and performing were the main sources of revenue. Chris Blackwell thinks the online music business will be a boon to independent labels because manufacturing and distribution costs will be much cheaper; Ahmet Ertegun says, "Yes, but independents still have to get people to buy their records." And, with so much music out there, artists will need more blowing up than ever.

Historically, popular music has been heavily influenced by its format. In the nineteenth century, before Edison invented the phonograph, the music business was a publishing enterprise in which sheet music was the primary commodity. People performed the music themselves, at home, usually on the piano. Songs were made into hits by the popular performers who travelled around the country putting on concerts and musicals. The length of the songs varied. It was a singles business. When recorded music became popular, early in the twentieth century, and the format changed to the shellac 78-r.p.m. disk, popular songs became about three minutes long, which was as much time as a disk could hold. The invention of the LP-the 33-r.p.m. long-playing record-in the late nineteen-forties, created the market for albums. For the record companies, albums cost about the same as singles to produce, but they could be sold for much more. In the CD era, the record industry all but killed off the singles business.

MP3s might revive that business. For artists, this will mean that, instead of making grand artistic statements with an album released once every three or four years, they will focus their talent on individual songs, which they will release every month or so. Moby, the popular recording artist, told me he thought this would be a terrible development for artists, "because an album is so much more interesting artistically than a song." Fans will buy this music in part because it will include goods and services like concert tickets and merchandise. Traditionally, record labels have earned money only from the sale of recorded music, but increasingly record companies may make deals like the one EMI made last year with the British pop star Robbie Williams, in which the label paid the artist some eighty million dollars to become a full partner in all of Williams's earnings-from publishing, touring, and merchandise, as well as from record sales.

As with CDs, MP3s will probably cause a boom in catalogue sales. At the moment, because of traditional retailing constraints, only a small fraction of a label's catalogue is for sale. In an online music store, everything can be offered. Niche markets could become much more important, and artists with small but loyal followings, who are not economically viable in a winner-take-all market, might hold more appeal. Danny Goldberg, a former president of Warner Bros. Records, who is a founder of the independent Artemis Records, told me, "The Internet will be good for Latin music, jazz, world, and anything that sells five to ten thousand." The singer-songwriter Jimmy Buffett, who decided to leave the major-label system and put out music on his own label, Mailboat Records, told me that he thinks that more artists will go into the music business for themselves. "At Mailboat, we have three people, and we take care of our customers, and we handle the shows, and everyone has a good time-it's just like the old record business," he said.

Arguably, the most important function that record-industry professionals perform-the task that people like Jason Flom, Jeff Haddad, David Foster, Lyor Cohen, Humberto Gatica, and Paul Moesl are all engaged in, one way or another-is filtering through the millions of aspiring artists who think they can sing or play and finding the one or two who really can. Record men of the future might not need to do A. & R.; they might not even make records. They may prepare monthly playlists of new songs or artists that will be beamed wirelessly to your portable MP3 player. But their essential task-filtering-will remain the same.

Everything depends on getting people to pay for recorded music that they now get for free. When radio threatened the music business in the nineteen-twenties and thirties, the broadcasters agreed to pay a fee to the various rights holders for the music they played, based on an actuarial accounting system. Rights holders' societies like ASCAP administered those payments. Some have argued that a similar system should be adapted to the Internet, but many users would refuse to pay their share, and would go on taking music for free. It may make more sense to address the P2P problem with a government-imposed, statutory license, such as many countries in Europe impose on TV owners. Anyone with an Internet connection would be charged a few dollars a month, regardless of whether he downloaded music or not. That money would be distributed to the rights holders, based on an online sampling system. As Jim Griffin, a former executive at Geffen Records and a digital-rights visionary, explained the concept to me, "You monetize anarchy. Charge them five dollars a month to be thieves."

As the music business shifts online, the hitmakers may give way to people who understand the financial restructuring that's needed. In January, Sir Howard Stringer replaced Tommy Mottola, the head of Sony Music, with Andrew Lack, an executive from NBC with no previous experience in the record industry. The uber

bosses of the record labels aren't even necessarily from the entertainment industry. Universal Vivendi is now run by Jean-Rene Fourtou, an ex-pharmaceuticals executive; and the head of Bertelsmann is Gunter Thielen, who formerly ran the company's printing and industrial operations. In some ways, the record business of the future sounds more like a public utility than like a music company. It also doesn't sound like as much fun.

In April, Flom decided to postpone Cherie's record. Instead of coming out this summer, it will be released sometime during the first quarter of next year. "It's just taking them a lot longer in the studio than we had anticipated," he told me, and I had a vision of Gatica, the producer, driving himself to distraction with the crunchy loops.

I said that it seemed as though worldwide politics had given the lie to the idea of a "worldwide artist," especially if the artist is French. "They're not going to boycott the fucking album because she's French," Flom replied. Still, it was perhaps not the ideal time to break a worldwide artist named Cherie.

The last time I saw Flom, the numbers for the first quarter of 2003 had just come in, showing that the record industry's downward spiral was continuing. Sales were even lower than those of the first quarter of the disastrous previous year. The top-selling album in the country was a collection of songs sung by Kelly Clarkson, Fox's first "American Idol" winner, who has been discovered and blown up without much help from a record label-television made her a star. (Before too long, the United States' pop charts could begin to resemble Spain's, where seven of the spots on the Top Ten charts were recently occupied by reality-show contestants, causing real recording artists to complain that they aren't getting a fair shake.) And there was talk of a merger between BMG and Warner Music, which could mean that the man who called for the end of Flom's type of "lottery mentality," Rolf Schmidt-Holtz, could be Flom's boss.

Still, on this warm, springlike day, Flom seemed to be in a sunnier mood about the future than he had been when we first met, six months earlier. He had recently signed a new, all-girl country-rock group called Antigone Rising, whom he expected to be huge. And he was happily immersed in looking for the right song that would be the first single for Cherie, confident that sooner or later the perfect up-tempo love song would present itself. Jerry Wexler, one of Ertegun's partners at Atlantic, once said that artist-and-repertoire was just a fancy expression for putting a singer together with a song, and in this respect the record business does not seem to have changed at all.

Flom said he had even thought about trying to write a song for Cherie himself. But this idea hadn't got very far. "I can't imagine writing a song today," he said. "I don't know where I'd start."