

POLITICAL ECONOMY

IN THE CAROLINAS

MOONSHINER REACTIONS TO LEGALIZATION OF CRAFT DISTILLING IN NORTH CAROLINA

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In 2019 the North Carolina legislature liberalized licensing rules on craft spirits. Distilleries can now operate like craft breweries, serving as tourist destinations and sites for off-premise sales. Since the law was passed, numerous distilleries have opened, some run by longtime moonshiner families. But many traditional moonshiners continue producing illegally. This article presents the results of interviews with both legal and illegal moonshiners to better understand why they have chosen their path. We find that the crucial differences seem to be how they define authenticity and how they perceive their own commercial activity.

I. INTRODUCTION

For more than a century in North Carolina, regulated alcohol distilleries have coexisted with an underground moonshine trade. Over the past decade, though, the regulations have been progressively lifted, culminating in the 2019 ratification of Senate Bill 290. This brought the laws on distilled-spirit production in line with those on craft beer and wine. Provided that their stills comply with local, state, and federal regulations, they pay both excise and sales tax, and they reduce the strength of their product from its traditional 150 proof to no

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more than 100 proof, moonshiners may now distribute their product legally both on and off premises. The bill's proponents argue that legalization will tap a new source of entrepreneurship, provide revenue for the state, and celebrate North Carolinian heritage.

Even after only a year, the bill has seen some success. More than sixty distilleries have completed the extensive permitting—enough that some preexisting distillery owners we talked to are already complaining about an oversaturated market. Nevertheless, the bill's success is not unqualified. Many moonshiners in western North Carolina still choose to remain outside the law, unregulated and untaxed. This article explores why these illegal moonshiners choose to risk criminal penalties and forgo the opportunity of a larger market. It presents the results of more than two dozen interviews with North Carolinians involved in moonshine production, distribution, and regulation, including those on the wrong side of the law.

Two possible explanations immediately present themselves: cost and regulation. As any small business owner knows, transitioning from a homebased enterprise to a commercial one requires a considerable outlay of capital. Senate Bill 290's primary sponsor, state senator Rick Gunn, admits that the startup costs are high and that the taxes aren't low either. A thicket of overlapping regulations presents the second obstacle. Sustainable-farming advocate Joel Salatin (2007) and others (for example, Holland 2016) argue that small-scale food and beverage production for retail sale would be economically competitive with larger-scale operations if not for the cost of compliance with regulations written

for those larger producers (Koopman and Smith: 2018). For these reasons, our initial hypothesis about why moonshiners split over whether to go legal was that those capable of large-scale production chose to go legal, while small-scale producers found it uneconomical to do so.

As we predicted, both cost and regulation appear prominently in our interviews, but only among those conducted with nonproducing third parties: law enforcement officials, legislators, and lawyers. They shared our expectations about the impact of scale on moonshiner decision-making. To our surprise, though, these economic calculations rarely came up in conversations with moonshiners, whether legal or illegal.

Instead, the key differences between legal and illegal moonshiners that emerged from our interviews with the producers themselves revolved around how legal operators are redefining the ideas of *authenticity* and *entrepreneurship*. There was broad agreement between the two groups on what makes moonshine authentic but an across-the-board contrast between those who saw the illicitness of production as an essential part of moonshine's authenticity and those who did not. The latter went legal; the former did not. On the subject of entrepreneurship, legal producers pushed the idea of moonshine as a branded commodity, available to all. Illegal operators maintained that they did it on the side to satisfy a small circle of family and friends.

This initial answer is not completely satisfying, because it only pushes the question back one level. Why have some moonshiners redefined how they think about their activities while others haven't? In the next section, we

argue that Hayek’s work on social orders may provide a helpful context for thinking about that question.

II. THEORETICAL FRAMEWORK

In *The Fatal Conceit* (1988), F. A. Hayek posits that humans live simultaneously in two social orders. He defines social orders as sets of shared expectations about rules of behavior and goals.

The first of the two orders to have arisen is the *personal order*. This is the social order

in which humans lived as small tribes and villages. The second is the *extended order*, which arose as civilizations expanded beyond the frontiers of village life. It encompasses how we relate to everyone else. Figure 1 summarizes the two orders.

The personal order encompasses how we relate to those we know personally: family, friends, and neighbors. This order relies on human instincts to follow rules that favor altruism, self-sacrifice, self-restraint, and diffuse reciprocity—doing favors for others

Figure 1. Hayek’s Two Orders

PERSONAL	EXTENDED
Instinctive	Learned
In-group	Out-group
Cooperative	Competitive
Risk of Oppression	Emotionally Unfulfilling

with no expectation that they will be returned in specific, predetermined ways. As Hayek (1988) puts it, “These modes of coordination depended decisively on instincts of solidarity and altruism—instincts applying to the members of one’s own group but not to others. The members of these small groups could thus only exist as such: an isolated man would soon have been a dead man” (p. 12).

Ties of tradition and ritual create ties of affection with particular individuals (that is, Uncle Joe, not uncles in general) and confirm individuals’ insider status. This caps the size of societies in which the personal order can operate at the number of people one individual can realistically be linked to. Historically, this order was also characterized by geographic proximity, especially in places

like Appalachia.

In contrast, according to Hayek—and more recently, North, Wallis, and Weingast (2009)—the extended order is characterized by ties with individuals outside the personal order. As Hayek (1988) puts it, “Almost all of us serve people whom we do not know, and even of whose existence we are ignorant; and we in turn live constantly on the services of other people of whom we know nothing” (p. 14).

Historically, authors across the political spectrum have claimed that life in the extended order runs contrary to human instinct. Even Rousseau and Marx would agree with Hayek (1988) here: “One can hardly expect people either to like an extended order that runs counter to some of their strongest instincts, or readily to

understand that it brings them the material comforts they also want. The order is even ‘unnatural’ in the common meaning of not conforming to man’s biological endowment” (p. 19).

Empirically, he notes, societies seem to flourish when the social rules for relations with people outside one’s small group embody respect for property and are coordinated by voluntary agreements for specific reciprocity—that is, contractual obligations. How, then, did the extended order arise? Hayek (1988, p. 21) argues that it developed evolutionarily, by trial and error—not by rational decision-making. The mechanism by which it happens is random variation. Some people have a higher tolerance for rules that promote out-group cooperation than others do (Haidt 2013), and these individuals become pioneers in the evolving extended order.

Hayek’s theory of social orders, then, reframes the question to one of how ideas and rules change over time. In particular, how have legal producers mentally redefined moonshine and its production in order to overcome the traditions and habits that keep other producers in the personal order? In short, on what points do their understandings deviate from traditional understandings of moonshine production?

III. RESEARCH METHODOLOGY

To investigate the law’s effects and distillers’ reactions, we conducted interviews with people involved in the production, distribution, regulation, and consumption of moonshine, both legal and illegal. On the production side, this included owners and distillers at six legal distilleries and nine illegal moonshiners. A previously

published case study on the Call family and its history of both legal and illegal distilling (Lippard 2019) was combined with a visit to the Call Distillery. Participants involved in distribution included two employees of Alcoholic Beverage Control (ABC) stores (North Carolina’s state-monopoly liquor stores) and two men who described their experiences running moonshine when they were younger. Regulators included Senate Bill 290’s lead sponsor, three law enforcement officials, two individuals with experience administering alcohol regulations at the local level, and one person who handled licensing paperwork on behalf of legal distillers. Finally, two longtime consumers of illegal moonshine were interviewed as well. Guest et al. (2006) and Braun and Clarke (2015) agree that this number of interviews is sufficient to generalize from, especially when dealing with a relatively similar population with a mutual interest. In this sample, all but one of the participants were men; they were typically middle-aged or older and living in central or western North Carolina.

The interviews were conducted by undergraduates in a research seminar at Appalachian State University in March and April 2020. Participants—legal and illegal—were recruited by purposive sampling, leveraging students’ personal connections to secure access to a broad spectrum of industry participants. While this sampling technique does not guarantee a fully representative sample, purposive sampling is an accepted practice when conducting research on underground populations (Guest et al. 2006). After training in interviewing and data-recording techniques, the undergraduates conducted semistructured interviews based

on a shared set of questions. Given the sensitive nature of the subject, the interviews were not recorded; interviewers took notes and recorded their impressions after the interviews were completed. One of the interviewees refused consent for the interview to be used in this paper; his interview was not used. The first tranche of interviews was conducted in person, but because of social-distancing requirements during the COVID-19 pandemic, later interviews were conducted by telephone.

To better understand the differences between distillers who chose to go legal and those who did not, we looked for contrasts in the ways they perceived legal production. The interview reports were analyzed using thematic analysis (Braun and Clarke 2006, 2013). This involved recursively coding the data set for important ideas or phrases, then looking for the frequencies of the individual items in the data set to build larger themes. Finally, we compared the relative prevalence of the themes across the three subgroups of interviewees: legal distillers, illegal moonshiners, and what we call third-party participants (law enforcement, local government, ABC store clerks, and so on). These results are presented in the next section.

IV. RESULTS

In this section, we use Hayek's two social orders to help interpret the contrast in how illegal and legal moonshiners described the motives behind their choices. Overall, our analysis found that three themes predominated in interviews with both illegal and legal moonshiners: family, claims of authenticity, and entrepreneurship. For each of the three themes, we first present how

illegal moonshiners' descriptions of their own actions remain rooted in the personal order. Then we look at whether and, if so, how legal moonshiners' descriptions have shifted to justify moving into the extended order.

Before that, however, it is worth noting producers' near-universal silence on the two factors that we originally expected would be important: cost and regulation. Early in the research process, interviews with law enforcement officials did suggest cost would be a primary factor in preventing some moonshiners from going legal. Even Senate Bill 290's primary sponsor agreed that this was probably true. Nevertheless, only two of the nine illegal moonshiners mentioned money as a barrier. One joked that he might go legal if the interviewer would provide "startup money." The other remained wary of going legal because he had witnessed some moonshiners that struggled to cover their increased costs. And while legal distillers complained about paperwork, only one of the nine illegal moonshiners suggested that might be a barrier to entry, saying that the extra time required wasn't worth his trouble.

On a similar note, we expected that families who had operated on a large scale would be better positioned to take advantage of the new laws because of their preexisting economies of scale, but that did not seem to be the case. Our legal producers' backgrounds ranged from new startups to the Call family dynasty in Wilkesboro, North Carolina. Among the illegal producers we interviewed, most only reported engaging in small-scale production, but one of them revealed that his family had previously produced hundreds of thousands of gallons and another had been part of an operation supplying much of

Gaston County, North Carolina. In short, we did not find evidence that economic factors significantly affected our interviewees' choices about whether to go legal.

In the next three subsections, we analyze the language with which our interviewees described their own behavior. We look for deviations from the altruistic, other-regarding language used in traditional, personal-order moonshine production. These, we argue, are how legal producers justify their moves into the extended order.

A. THEME 1: FAMILY

Family, along with friends and neighbors, is at the heart of the personal order. In contrast to cost and regulation, family was emphasized by nearly all of the producers we interviewed, which matches other findings in the literature on craft distilling, such as that on gin distillers in the UK (Thurnell-Read 2020) and whiskey distillers in New York and Oregon (Cope 2014). In particular, we noticed two types of references: one concerned risk; the other concerned intragenerational connections. Neither, however, showed variation between legal and illegal producers in how they justified their behavior.

Both groups framed the dangers of producing moonshine not as a risk to themselves, but in terms of its consequences for their families. According to the recently retired head of the North Carolina attorney general's Criminal Division, prosecuting moonshiners has not been a priority for some time, a sentiment echoed by the other law enforcement officers interviewed as well. Nevertheless, moonshiners themselves remained wary and altruistically prioritized the safety of others. Two of the legal distillers asserted that they had taken the

legal route because they thought it safest for their families. Illegal distillers recounted tales of their ancestors' encounters with the law—usually ones that ended well for the moonshiners, but not always. One interviewee's grandfather reportedly died of a heart attack when the revenuers showed up at his house (the trade would seem to call for a stronger set of nerves, one would think). The two men we interviewed who had previously made moonshine illegally both reported they stopped because they thought it best for their family. Not a single interviewee framed the legal risk as a risk to themselves.

We did not hear this explicitly from any of the producers, but illegal moonshine production can be a violent business (Sullivan 2013). When we asked for information on legal but noncommercial licenses in Watauga County, a law enforcement officer said that information was kept private to protect the distillers' families from robberies. Perhaps this is what they meant by "best for their families."

Among the illegal moonshiners, only two of the nine did not refer to their family tradition. One of the seven who did said that keeping his family's old still in good repair helped him feel a sense of connection to his father, which he valued. The concrete form that connection takes varied from interviewee to interviewee—a still, a technique, or a recipe—but the sentiment was similar across our sample.

While one third-party interviewee expressed concern that the new legal distilleries wouldn't have the same family traditions as illegal moonshiners, this turned out not to be the case in our sample. Of the five distilleries included, only two didn't volunteer their family history of making

moonshine early in the interview. In fact, the Call family puts it front and center with photo displays of their moonshiner ancestors at the front door and with bootlegger cars parked in their production facilities to show visitors. Similarly, Jeremy Norris at Broadslab Distillery tells visitors that his family has been making moonshine on the same site since 1840. Even the cases in which a distillery owner came to the business after an unrelated career are deceptive. The owner of Copper Barrel Distillery hired Buck Nance—a local legend in the business—to do his distilling. The owner of Asheville Distilling Company talked about how she is bringing in her sons as the next generation of distillers.

B. THEME 2: AUTHENTICITY

After family, the most common category of references was authenticity. The concept of authenticity is contested, but generally, producers' claims of authenticity are intended to set their products apart in a world of homogenization and mass production (Thurnell-Read 2019). In doing so, they may seek to give consumers a sense of being involved in a particular human-scale production process rather than a readymade object (Ocejo 2017).

Over and over again, from both legal and illegal distillers, we heard speakers emphasize that they produced the real thing. Sometimes this was couched in relatively judgmental terms, as when the owner of Copper Barrel Distillery accused “a lot of other moonshiners” of purchasing bulk ethanol and passing it off as moonshine. Usually, though, it referred to a contested concept of what “real” moonshine is. Unlike what we heard in our conversations about cost and family, we found significant

differences between legal and illegal moonshiners in their interpretation of what “real” moonshine is.

The literature largely fails to present the perspectives of *illegal* moonshiners in today's legal climate. One exception is Peine and Schafft (2012), who investigate the culture of illegal moonshining in Carter County, Tennessee, across the border from our research site and the location of Rosko's (2019) research. While their interviews are with people adjacent to the moonshine industry (for example, people who had family members in the business at one time or who ran a business when they were younger) rather than illegal distillers themselves, they do present some suggestive differences. Their interviewees, like legal distillers, recognized that tourists buy moonshine for its “rich history” (p. 104), but that means something different for locals. Because it is more difficult to purchase than legal liquor—you have to know a producer personally—it serves as a marker for insider status. Illegal moonshine's “authenticity is more powerful for its illicit nature” (p. 104). Unlike legal distillers, illegal moonshiners did not judge authenticity by the particular ingredients or techniques the moonshiner used. While intriguing, a single study with no direct testimony from illegal moonshiners is insufficient. This paper seeks to fill that gap.

Overall, the most common sentiment we heard—from five of the nine illegal distillers—was that secrecy is an inherent part of what makes corn mash liquor authentic moonshine. None of them disputed that legal distillers could make corn mash liquor. In fact, they spoke in surprisingly positive terms about the legal product, with the exception of its low

alcohol content, and even that they blamed on the government rather than the distillers. They insisted, though, that moonshine is *not* just corn mash liquor made in a particular region. An anonymous moonshiner made this point from the producer's point of view, saying that "[the] illegal nature of its business was a huge part of its identity. It was always done in secret, and that yielded its own sort of pride." Another illegal moonshiner gave his experience of the consumer's side, saying that real moonshine provides the "feeling you get when you drink before you're twenty-one, or smoke pot, you get that buzz because you know it's illegal." Others echoed these sentiments—for example, one who insisted that the culture from which moonshine emerges isn't just mountain culture or rural southern culture, but a specifically secret culture from which outsiders were excluded. This supports previous research from across the border in Tennessee, where Peine and Schafft's (2012) interviewees said similar things.

As far as legal distillers go, prior research finds that they articulate three of Thurnell-Read's (2019) modes of authenticity: geography, history, and procedure. The most common claim is one of *geography*: they offer consumers a cultural product of Appalachia that they are proud to share with visitors. Rosko (2019) discusses the Tennessee Hills Distillery motto of "embracing heritage" and how all three Tennessee distilleries she studies point to their embeddedness in Appalachian culture as proof of their authenticity. The owner of Elevated Mountain Distillery, near Asheville, boasts of providing "that Southern Appalachia experience" (Glancy 2012, p. 54). Lippard (2019) describes the

Call family's distillery in North Carolina as an "unofficial museum to Wilkes County Moonshine." *History* appears in this rhetoric as well. Distillery owner Brian Call made the tie between the past and authenticity crystal clear when he said, "What makes it moonshine to us is that it is just as Willie Clay [Call] made it, whether we pay taxes or not" (Lippard 2019, p. 212). Finally, moonshine, these distillers implied, is an alcoholic beverage with a specific cultural provenance, much the same as cognac from France or bourbon from Appalachia. Just as with cognac or bourbon, there are explicit traditional standards for ingredients and methods (Cope 2014). Following these standards establishes one as following an authentic *procedure*. Inauthenticity means violating these standards, such as when Rosko (2019) and Lippard (2019) report distillers accusing competitors of purchasing grain alcohol in bulk instead of making their own from corn mash.

In the words of the legal distillers that Rosko and Lippard study, moonshine's illicit heritage is a historical fact, presented in the guise of souped-up bootlegger cars or the Mason jars it is bottled in. Illicit status is not, however, required to establish their moonshine's authenticity. Their understanding of authenticity matches that of Senate Bill 290's chief sponsor. In an interview, he claimed that one goal was to "change the definition in a way of moonshine from an illegal substance to moonshine as another form of a distilled alcohol that deserved equal opportunity to be marketed in an open and responsible fashion." Obviously, this would be a crucial step, and without taking it legal distilleries could not present

themselves as authentic.

Our interviews with legal distillers in North Carolina largely confirmed the literature's earlier findings. According to the legal distillers we interviewed, moonshine—like cognac—is one of a variety of distilled spirits defined by a specific cultural heritage. What makes moonshine authentic is that it is distilled from fermented corn mash within the *appellation* (so to speak) of southern Appalachia. Unlike what is produced in its neighboring bourbon appellation, it should be unaged, unbarreled, and ideally sold in something resembling a Mason jar.

One interesting comment we heard from the legal distillers is that they were trying to change the spirit's name to "white whiskey." They did not say this explicitly, but the name "moonshine"—as in a liquor produced by the light of the moon—obviously contradicts their project of shifting the definition of authenticity away from a concept based on secrecy. Troy Ball of Asheville Distilling Company was the most vocal about this, calling moonshine a "spirit like other spirits." Richard Chapman of Bogue Sound Distillery agreed, saying that moonshine was a "novelty" spirit and he was focusing his distillery on producing other spirits instead. The other three distillers all stressed the importance of getting their product into ABC stores, where it sits alongside other craft-distillery products, such as North Carolina-made rum and whiskey.

Ideas of authenticity are tied up with moonshine's historical context as well. In our interviews, legal distillers' feelings on the culture of moonshine production match those found by Rosko (2019) and Lippard (2019). Moonshine production is a part of

Appalachian culture they are proud to share with others. Like Brian Call at Call Distillery, Jeremy Norris at Broadslab reported enjoying "presenting history to [my] customers." Troy Ball echoed this, saying one of her goals is "creating an experience for the customer." Neither of the two owners who hired distillers, though, expressed interest in sharing their cultural heritage with their customers.

Importantly, none of the legal distillers drew any connection between the formerly illicit nature of moonshine and its authenticity.

C. THEME 3: ENTREPRENEURSHIP

In discussing his rationale for supporting Senate Bill 209, Senator Gunn talked about "helping entrepreneurs grow and prosper," but what does being an entrepreneur mean to the producers themselves? In contrast to the similarity between how distillers and moonshiners described the relationship between their business and their family, we found stark differences in how they talked about themselves as entrepreneurs. Where legal distillers' business talk tended to be about branding and volume, illegal distillers described making moonshine as a way to earn money on the side when times were hard.

Illegal moonshiners did not refer to their production in terms of making a profit for themselves. The closest thing to a strict profit motive that we heard mentioned was when one family reported seeing Watauga County's status as a dry county as an opportunity for illegal moonshiners to make money. All the rest—both current and former illegal moonshiners—framed their business activity in two ways: (1) providing for their family, and (2) as a service for their friends.

Many of them anchored their family moonshining tradition in a need to earn

money for their family. One interviewee from West Virginia talked about how mining wages fluctuated and how when they were low, men turned to making moonshine to make ends meet. Another talked about how his family started moonshining during the Great Depression to keep food on the table. One reported that his father had, more recently, tried to get out of the business by going to work in a textile mill. When the mill closed down sixteen years later, he had little choice but to take up moonshining again, and when he did, he made a decent living. Rather than seeing a source of profit or business growth, illegal-moonshining families tend to see the activity, as one interviewee put it, as “a tool to survive.”

This way of thinking survives today, according to our interviewees. Starting a small business to supplement one’s income is perhaps the classic entrepreneurial move, and yet we heard respondents denigrate their own activities as “just a side hustle.” One illegal moonshiner who owns a country store where he sells moonshine—again, by any objective standard, an entrepreneurial move to increase product selection and sales—explicitly denied being an entrepreneur. He does it, he said, because it “seemed like the natural thing to do.” The clearest statement of this came from an illegal moonshiner who claimed to sell for a bit of “personal money” because “making a profit isn’t what this is all about.” Over and over they used the word “hobby” instead of the word “business.” The difference between them and legal distillers who base their decisions on how saturated the market is or which markets they can penetrate could not be starker.

Not only that, but they typically see

moonshine in the context of a personal relationship, not as a commodity. Of the nine illegal distillers we interviewed, seven reported that they only sold to friends and family, or, as one put it, “a small network.” The remaining two are the pair of illegal moonshiners who had previously run large commercial (but illegal) production rings, including the moonshiner in Watauga mentioned above who was in it for the money.

In contrast, legal distillers did not frame their production in terms of family and friends. Only one of the five legal distilleries we studied mentioned family as a motive for their business activities. Richard Chapman at Brogue Sound Distilling views distilling as something to keep himself busy after his children left home. Troy Ball’s website mentions that she started the distillery after she was able to get state help caring for her children. Presumably they are all interested in building equity to pass on to their children, but not one of them said they started their businesses because their family needed money now.

Instead, they described their actions in straightforwardly entrepreneurial terms. The advantage of going legal, Troy Ball said, was that she could advertise and build brand recognition. Jeremy Norris agreed, explicitly saying that his purpose in going legal was to build brand identity. Brian Call uses his family tradition to brand his products, labeling his moonshine “The Uncatchable,” which was his father’s nickname. He and George Smith also capitalize on the brand identity of their town, Wilkesboro, North Carolina, known as “The Moonshine Capital of the World.”

The other way legal distillers talked about their business was as a process of

commodification. All of them talked about how they are working to increase sales in ABC stores. By doing so (or distributing on tap and around the world, as Copper Barrel is trying to do), producers remove their product from the particular location in which it was formerly sold. As numerous interviewees noted, historically, moonshine wasn't just generic moonshine, it was so-and-so's moonshine, and it could only be acquired in the context of a personal connection to the producer or to someone with a personal connection. Moonshine in ABC stores can be bought by anyone with cash; no personal connection is required (or expected).

V. DISCUSSION

We conducted interviews with nearly thirty individuals connected to the moonshine trade in some way. In the prior section, we used thematic analysis to contrast the way legal distillers, illegal distillers, and third parties expressed their understandings of moonshine production and the choice to go legal or not. In this section, we put those contrasts in the

context of Hayek's two social orders. How do legal distillers justify their move away from the way moonshine production traditionally occurred in the personal order?

Three rational choice explanations for why most moonshiners preferred to stay illegal appeared in our third-party interviews with politicians and law enforcement: cost, regulation, and family tradition. There was, however, insufficient evidence to inspire confidence in any of these. Cost per se was only mentioned in passing by two illegal moonshiners out of the fourteen total distillers. Regulation, as it turned out, is understood in terms of cost, not as a distinct barrier. One legal distiller was pleased with Senate Bill 290 because it reduced the cost of complying with previous regulations, another one paid his lawyer to take care of them, and one illegal distiller complained that the licensing fees weren't worth the trouble. The distrust toward government that illegal moonshiners expressed obviously contributes to their not wanting to comply with

Figure 2. Summary of social orders referred to in interviews

THEME		LEGAL	ILLEGAL
Family	Safety	Personal	Personal
	Maintaining Connections	Personal	Personal
Authenticity	Secrecy	Personal	
	Place		Extended
	History	Personal	Extended
	Procedure		Extended
Entrepreneurship	Distribution scale	Personal	Extended

regulations, but there was little to indicate that if the regulatory load were lightened even more, they would change their minds. The third hypothetical struck us as creatively counterintuitive: perhaps the moonshiners choosing to remain illegal were those whose production was rooted in family traditions. While attractive as a critique of capitalism and cultural authenticity, we found no evidence to support it. Both legal and illegal moonshiners presented a mix of family traditions, from ones with an old and rich

heritage, to those with little to none. This lack of evidence for cost-benefit analyses supports Hayek's argument that producers' initial moves into the extended order are not based on reason alone.

Instead, we observed an ongoing cultural evolution in which moonshine production is moving from the personal order to the extended order. Figure 2 reports the differences we found in the social orders our interviewees referred to. Both groups talked similarly about the themes in the family category in terms of the desire to maintain their position in the personal order. But they differed in the other two categories: authenticity and entrepreneurship.

Both groups felt that the historical legacy of moonshine remains an important element of the product's authenticity. They differed, however, in how to treat that legacy in an era when the government has stopped persecuting them. Legal distillers shared their feeling that moonshine is a culturally embedded product that they want to share in the extended order, something that speaks of "a narrative of imagined rurality, of nostalgia for a South that is no more," as McKeithan (2012) writes about bourbon. For them,

bringing moonshine out of the shadows is a point of pride. For illegal moonshiners, though, the reverse is true. Again and again, we heard from them that the illicit nature of the drink is an integral part of what turns corn mash into moonshine. To them, sharing it with outsiders in the extended order—comprising people with whom they have no personal connection—robs moonshine of its meaning. Interestingly, they recognized that this is a personal judgment on a contested matter. We were surprised that only one of the illegal moonshiners expressed dismay at what legal distillers are doing. Given that they recognize the rationale for cultural sharing and choose to disagree with it, they seem unlikely candidates for going legal.

The third theme is distillers' sense of entrepreneurship or lack thereof. Those who went legal see their distilleries as distinct businesses, with brands and distribution networks. As Cope (2014) and Barbieri and Baggett (2017) find, they are comfortable with their place in the extended order's commercial food-and-beverage system. These are the sort of people that Senator Gunn had in mind when he said Senate Bill 209 was intended to provide potential entrepreneurs with new economic opportunities. Increasing sales is an important goal, and legal distillers complained about the damage the COVID-19 lockdowns were doing to their ability to do so. Those who stayed illegal, however, did not see the law in terms of economic opportunity. Neither branding, distribution, nor increased sales seemed to interest them. Instead of seeing their trade as a business, they tend to think of it only as a part of the personal order—a sideline they share with people close to them in a context in which money is

secondary. It is not that they are prevented from taking advantage of the economic opportunity; it is that they do not see it as such.

VI. CONCLUSION

This paper asked why some distillers choose to legal and some do not. From a public policy perspective, the question matters because the degree to which the North Carolinian legalization policy can achieve its objectives of generating revenue and producing jobs ultimately depends on the moonshiners themselves. When this research project began, we expected to find that the answer would be economic: distillers who were already well off would be able to take advantage of the new laws, and those who weren't, wouldn't. Along with this answer was a concern that legalization would marginalize traditional producers in rural Appalachia. As it turned out, neither of those preconceptions was correct. Not only was cost not seen as a primary barrier, it turned out that illegal moonshine production had generated considerable wealth for illegal producers as well. One interviewee even asserted that churches and schools all across Appalachia had been built with moonshine money. He did not provide concrete details, but the economic history of illegal moonshine would be a fascinating topic for future research.

Instead, we found that legal and illegal moonshiners understood their own behavior in very different ways. Those who chose to move into the extended order by going legal were those who saw themselves as building a business and a brand. Moreover, they saw their cultural role as one of promoting their own traditional culture to those outside their small communities. The illegal moonshiners

showed more variation in how they saw themselves and their product, but they generally expressed the following sentiments: (1) making moonshine isn't a business, but something they do on the side for friends and family while making a few extra bucks, and (2) moonshine, by its very nature, is something that should be made and consumed illicitly. Both of these traditional ways of thinking about their activities keep their business small scale and in the personal order.

These differences in how legal and illegal moonshiners think about themselves and their actions suggest that state governments in Appalachia will have limited success in convincing illegal moonshiners to go legal. Even if fees and the burden of paperwork are reduced, that won't change the mindset of someone who doesn't see moonshining as a real business for which one could get a license. Nor will it persuade a moonshiner who believes that secrecy—and the explicit rejection of government sanction—is what makes his or her product authentic.

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