To refresh your memory, the Hicks-Marshall Rules are:

Other things being equal, the own-wage elasticity of demand for labor is high when:

1) **Price elasticity of product demand is high**

2) **When other factors of production can easily be substituted for labor;**

3) **When supply of other factors of production is highly elastic** (i.e., can increase their use w/o substantially increasing their prices).

4) **When the cost of employing the category of labor is a large share of total costs of production.**

Example 1:

Finish carpenter for residential construction:
Rule 1: Final product is new house. Demand for new houses is price-elastic (people respond to housing prices: higher prices leads to lower demand). Therefore, by Rule 1, demand for the finish carpenter is elastic.
Rule 2: There are few good substitutes for a skilled finish carpenter. If (s)he is also creating custom trim, a possible substitute is mass machined trim. But for the most part, the work of a finish carpenter has to be done by a person on site. Therefore, by Rule 2, because the elasticity of substitution between finish carpenter and alternative technology inputs is low, demand for the finish carpenter is inelastic.
Rule 3: Few alternative inputs were identified in Rule 2 so we do not need to consider the elasticity of supply of those inputs. However we do have to consider the elasticity of supply of perfect substitutes, that is, other finish carpenters in the external labor market. While the job is quite skilled, many people have acquired that skill and there is likely to be a good supply willing to take the job. Therefore, by Rule 3, the elasticity of demand for finish carpenters is high.
Rule 4: Building a house requires lots of actors and entails many different types of costs. The finish carpenter share of total construction costs is low. Therefore, by Rule 4, demand for finish carpenters is inelastic.

Conclusion: Based on the four rules, I would conclude that the demand for finish carpenters is moderately elastic.

Example 2: Project Manager at a high-tech engineering firm with defense contracts to
make weapons

Rule 1: The consumer in this case is the federal government and, while interested in cost, is more interested in ability to fulfill the contract. Demand for the product in this case is inelastic. Therefore by Rule 1, demand for project managers is inelastic.

Rule 2: While members of the team are likely to be motivated professionals, there is probably a need for coordination of activities to see that contract deadlines are met. There is probably no good technological substitute for the project manager. Therefore, by Rule 2, demand for project managers is inelastic.

Rule 3: No inputs from an alternative technology were identified in Rule 2, but we need to look at the availability of perfect substitutes – the availability of other project managers. This supply is likely to be inelastic because: it is a highly skilled job, production is likely to require quite firm-specific skills, and a high level security clearance is needed. Therefore, by Rule 3, demand for project managers is inelastic.

Rule 4: There may be quite a few project managers in this type of company. However, there are probably very expensive intermediate inputs as well as capital expenditures. The project manager share of total cost is probably moderately small. Therefore, by Rule 4, demand for project managers is moderately elastic.

Conclusion: Demand for project managers is relatively inelastic.

Example 3: Cafeteria manager for the employee cafeteria in a firm