**Referee Report for "Skill-biased labor market reforms and international competitiveness"**

**Main comments:**

1. I asked the author to state the labor market clearing (LMC) condition in such a way that the cutoff $z^*$ is visible. This has not been done. This is not acceptable, because the proof of Lemma 1 as well as the proof of a unique equilibrium depends on the derivative of the LMC condition with respect to the cutoff $z^*$. Since $z^*$ is not part of the LMC formula, I and any reader cannot verify the results that are claimed to be based on the derivative of the LMC with respect to $z^*$.

   The uniqueness result seems to be based solely on the changes in market tightness for low and high skilled workers $\theta_l$ and $\theta_h$ and not on the simulateous change in the cutoff $z^*$, which interacts with $\theta_l$ and $\theta_h$. Again, since the LMC condition is not written in terms of $z^*$, I cannot judge whether the equilibrium is unique or not!

   The same is true for the statement on page 18 that "each cutoff $z^* \in [0, \infty)$ is associated with one unique combination of $\theta_l$ and $\theta_h$." Without an explicit formula, where LMC condition is a function of $z^*$, I and any reader cannot verify this important statement!

2. I also asked the author to complete the proofs of Proposition 2 and 3. Again the author has not done so. The author provides in the proofs (see pages 35ff) only the partialy derivatives but not the total derivative that is required for the equilibrium statement claimed in Propositions 2 and 3. To be more precise, the correct comparative statics must be obtained from,

$$\frac{dq_k}{db_k} = \frac{\partial q_k}{\partial b_k} + \frac{\partial q_k}{\partial \theta_k}\frac{\partial \theta_k}{\partial b_k} + \frac{\partial q_k}{\partial \theta_k}\frac{\partial \theta_k}{\partial z^*}\frac{\partial z^*}{\partial b_k}.$$

   The author only considers the partial derivative $\partial q_k / \partial b_k$ but not the total derivative!

**Minor comments:**

- The vacancy posting are assumed to be proportional to per worker revenue. The author should therefore use the respective notation, i.e., $\varrho_k(z)$, instead of $p$. The "$p$" notation is very confusing.

- Part b of Proposition 1 is based on the LMC condition, which is derived later in the text. The author should prove part b later after the introduction of the LMC condition, such that the reader is able to follow the proof.