

## **Abstract**

This paper investigates trade patterns and the gains from trade in a two-country, two-sector and one-factor Chamberlinian-Ricardian model with a CES upper-tier utility function. It is shown that a strong tendency toward complete specialization emerges under free trade and that free trade is preferable to autarky from the viewpoint of each country's welfare. This paper also considers the trade regime called *semi-autarky*, in which one sector is under free trade, while the other is closed. The analysis demonstrates that free trade does not necessarily attain higher welfare in all countries relative to semi-autarky if cross-sector substitution in consumption is elastic.