think that is my biggest fear that we get into that... I made some good money in the last property boom in the 80's and I've put that money to work since. I hope I don't see it wiped out.

Do you accept it as an anti-inflationary measure, the rising prime rate and that?

That's the excuse. I think it works up to a point but I think the signs have been there for a long time. It's just not working. I think that it's just been so counterproductive that we are now on our way to a recession.

We are in a recession, if you sit down and look at the figures...

I've been trying to be optimistic but I think we probably are.

The rates are not being set for Canada but for central Canada. It's insane, we bought a house for $80,000 in downtown Toronto and six months later we decided the hell with Toronto. I went to my real estate broker and said we're selling the house. I said, "Do you want to put up a sign?" and he said, "Hell no, just stay at home". We got five offers in four hours, sight unseen. This lady came and gave us a cheque for double what we paid in six months. I said this is totally insane, I didn't turn down the offer but no economy can stand this. My wife is an economist by trade and we talk about it all the time...every thing is happening in Toronto, the rest of Canada is suffering. Now we are paying the price. Wait, six months from now the Torontonians are going to need subsidies to handle their losses in real estate, just wait, they're going to be subsidized.

What about our position on the Pacific Rim? Do you think there's going to be a flight of capital from Hong Kong?

If you had capital in Hong Kong, would you move it to Vancouver?

Probably...

But wouldn't you rather move it to Los Angeles...

I think a natural place for investment would be BC.

The only thing you can invest in here is real estate. There's no companies to invest in here. The problem with real estate is that it is my investment into something. It doesn't create a job, it doesn't create business. I grew up in Sweden, a society which up until ten years ago, 90 percent of the population lived in rented apartments and only 10 percent in houses. They don't invest in real estate, they buy stock, they go travelling, they start companies, so they never worry about it.

Q. WHAT ARE THE MOST IMPORTANT CHALLENGES THAT THE CANADIAN ECONOMY IS GOING TO FACE IN THE 1990'S?

Keeping up with other countries in terms of attracting investments and things like that.

Learning to reuse our natural resources. I think there's going to be a dramatic change in how we use our forests and our mining. All of these things have to be really, really, re-evaluated.

One of the greatest problems is going to be getting rid of the national debt. That scares the pants right off of me because in another year or two years Canada is going to realize that they can't go any further. Right now the government is trying to raise taxes all over the place just to catch up on the interest. They're robbing Peter to pay Paul and we're getting nowhere.