My problem with an attempt to define a validator cap is this:

vbuterin:

A validator size cap is desirable because it increases confidence that a given level of hardware will always

be sufficient to validate the beacon chain.

I don't see how this can be the case. We're already seeing changes coming that increases the requirements for validators: sync committees, sharding, and the merge all increase CPU, network and storage requirements for a beacon node. A server that can handle validation with the current number of validators today may not be able to do so in Altair, even without an increase in the number of validators.

I will also say that I'm also not a fan of this specific system. A system that leaves validators in the activation queue until there is room for them due to others exiting seems to provide superior results for all three key properties listed at the beginning of the proposal.