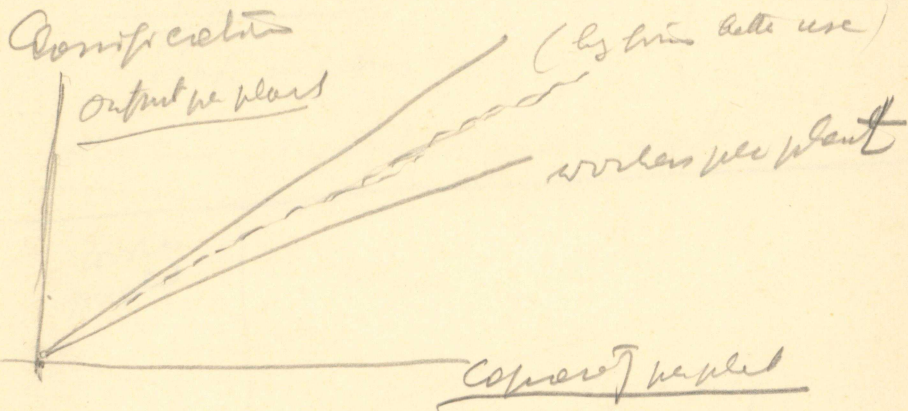


5020 Muddle.

Capacity must be basis of



both dependent on
a third variable, capacity, which
is work as well as plant, because that is designed
and output long before the time
we observe the output and employment.
(That means, however, that capacity has
to be defined on a conservative basis,
as a fixed characteristic of equipment, not
~~capacity~~ ~~work~~ which can be changed by methods).