* Get difference between and . Update guess
* Prices\_Firm\_FOC

*r* and *w* are functions of *K*

* ForwardCalc\_Pol.m

Given *r* and *w*, solve household problem and get policy function using Bellman equation

CRRA\_Utility.m

Get utility when doing value function iteration

* LawMotion\_mu.m

Given policy function, and the initial distribution , compute distribution in each period using law of motion for

* Given optimal decision for (policy function) and distribution , compute the aggregate capital supply
* Use ‘fsolve’ to find such that is close to zero.

CapitalMktClearing\_Transition.m

Solve for a sequence of

* Guess a path for aggregate capital
* Prices\_Firm\_FOC.m

Given guess for , get sequence of and

* BackwardIndc\_VF.m

Given, solve the value function backwards from

TransitionDynamics.m

Solve for a sequence of

StationaryDis\_MarkovProcess.m

Get the stationary distribution of *s*

Aiyagari\_Main.m

Set parameter value