$$y_{i,t} = \alpha + \beta x_{i,t} + v_i + \theta_t + u_{i,t}$$

$$v_i \sim IIN\left(0, \sigma_v^2\right),\ \theta_t \sim IIN\left(0, \sigma_\theta^2\right),\ u_{i,t} \sim IIN_i\left(0, \sigma_u^2\right),\ u_{i,t} \sim IIN_t\left(0, \sigma_u^2\right)$$

$$N = 35,\ T = 40$$

$$\beta = 0.5$$