CAMBRIDGE, Mass. — Secretary of State Madeleine Albright and the Republican leadership in Congress have expressed hope for renewed bipartisanship in foreign policy. One place to start is foreign aid, which has been much maligned and misunderstood.

Republicans have made stinging attacks on foreign aid in recent years, many on target. Their critique - that countries escape poverty not through handouts but through long-term economic growth - is supported by experience and research.

For developing countries to achieve rapid growth in today's global economy, they must embrace private, rather than state, ownership of business. They must be receptive to foreign trade, technology, ideas and investment, and they must have governments that accept the rule of law and curb corruption.

Open-ended foreign-aid programs can frustrate long-term growth if they allow countries to avoid difficult political decisions, such as ending corruption and special privileges for elites.

But a carefully designed program can make all the difference for reform-minded governments that are unstable and financially strapped. Of course, there will be times when, for strategic or humanitarian reasons, we will choose to send aid to countries that are not adopting market reforms.

History shows that assistance given on a temporary basis and for a specific purpose can do exactly what the Republican leadership has in mind: spread democratic capitalism, especially in countries emerging from Communism, war or foreign domination.

This after all was the goal of the greatest foreign-aid success of all time, the post-World War II Marshall Plan for Western Europe. The Marshall Plan had two key features: It was conditional on policy changes in the countries that received assistance, and it was temporary - just five years.

Other highly successful American aid programs, such as those in South Korea and Taiwan at the end of the 1950s, took a similar approach. And Poland was able to shift quickly to a market-based currency and free trade starting in 1990 because of $200 million from the United States and $800 million from Europe and Japan, assistance given specifically for that purpose.

The result? Poland has had the fastest growing economy in Europe since 1993.

Virtually every economically successful country has benefited from at least a short period of foreign aid in its crucial years of reform. The point is not to deliver enough money to overcome poverty but to give countries breathing space so that they can help themselves.

A better focused foreign-aid program need not cost more than we are spending now, though greater success would probably generate support for more spending. The key is to direct the aid
to countries that are eager to reform their economies along free-market lines. Some governments that currently receive financial assistance from us would not pass that test.

Aid to particular countries should be limited in duration; from the beginning, there should be a plan to phase it out. And in the case of impoverished countries bankrupted by foreign debt, we should reduce their debt burden so that those willing to reform their economies can have a fresh start.

Dozens of countries, many of them still making the transition from Communism, are struggling to carry out democratic market reforms. The United States should take the opportunity to help shape the world in the direction of rising prosperity and democracy.

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