It’s the cruel irony of a recession: Struggling families need crucial services more than ever, but states have much less money to pay for those services. Wisely, most states are taking a balanced approach in their response to this conundrum, putting tax-increases in the mix rather than attempting the impossible by closing their large budget shortfalls only with cuts in spending.

Make no mistake: All 30 of the states that have raised taxes since January have also reduced spending sharply. But in the face of plummeting revenues — down an unprecedented 12 percent since last year — a cuts-only approach would not only decimate vital services like health care and education but also further damage the economy, making the recession even worse.

That’s because, as more than 100 economists advised in a letter to policy makers during New York state’s budget debate, “Almost every dollar that states and localities spend on aid for the needy, salaries of public employees and other vital services enters the local economy immediately. So if states cut their spending in these areas, overall demand suffers at a time when demand is already too low and support services are most needed.”

Tax increases take less money out of the economy and reduce demand less than spending cuts, because some of the additional taxes collected come from money that would have been saved rather than spent. This is particularly true of tax increases on households with high incomes and greater savings.

Budget cuts and tax increases are simply not an “either-or” choice in difficult times. Indeed, in the last two recessions as well as the current one, most states raised taxes to help balance their budgets — states in every part of the country, some governed by Democrats and others by Republicans.

It didn’t make them less competitive. Data show that the states that raised taxes enjoyed the same post-recession economic growth as those that didn’t.

Balancing budgets through measures like eliminating medical treatment for kids and putting college out of the reach of talented moderate-income students is no way to build a prosperous future. States can avoid the worst of these cuts by including tax increases, preferably focused on those best able to pay, in their budget-balancing plans.

When the economy recovers, the states in the best shape will be those that didn’t act like a farmer eating his seed corn.