As a world financial crisis unfolded in November 2008, a London School of Economics professor spoke at a university event about the debacle’s causes. Afterward, guest of honor Queen Elizabeth II demanded of him, with understandable peevishness, “If these things were so large, how come everybody missed them?”

Economic forecasting continued to be troublesome following the crisis. For instance, the economics department of the Organisation for Economic Co-operation and Development (OECD) released a report in February 2014 stating that its estimates of GDP growth during 2007-2012 were consistently too high across countries and time periods. The main difference between the OECD economists and those elsewhere may have been their willingness to admit their mistakes.

The high uncertainty surrounding economic forecasts has been well known for a long time. Indeed, the enterprise of prophecy has been associated with insanity at least since the Oracle at Delphi. Still, forecasts about the economy are central to business planning, investing, and, of course, economic policymaking. How the art and science of forecasting emerged is the subject of Fortune Tellers, a new history by Harvard Business School professor Walter Friedman.

If economic forecasting had an inventor, it was Roger Babson, son of a Gloucester, Mass., storekeeper. Babson became interested in business statistics at the dawn of the 20th century while working as a clerk at an investment firm. In 1904, at the age of 29, he founded the Babson Statistical Organization. Initially, he sold information on current stock and bond offerings, but the sudden onset of a financial crisis — the Panic of 1907 — led him to recognize a market for a different kind of information: analysis of what the latest statistics portended for the future.

Babson was an early believer in the existence of a business cycle that was distinct from the ups and downs of securities markets and was not caused simply by the weather and outside shocks. While others had proposed the existence of business cycles before — among them France’s Clément Juglar and Russia’s Nikolai Kondratiev — the concept had not been widely shared before Babson’s work, Friedman notes. His prediction methods, though, were crude.