What was the point made by Bill Gates in his Open Letter to Hobbyists?

Essentially, he thought it was unfair for software to not be treated the same as hardware. Software was shared and passed around from one to another making the need to buy it non-existent. Consequentially, this made the time and effort it took to make this software worthless. Some third-party sellers even sold software that was not made by them. He wants to make people pay for individual copies of software so that there is a reason to make quality software in the first place.

What did Richard Stallman describe as an ethical dilemma?

The dilemma was that Promising the parent company that you won’t share the software you buy from them, therefore hurting the people who made it, also meant that you were betraying a cooperating community, preventing said community from doing useful things and working together. Basically, you were cutting yourself off from working with others because at the time not everyone was able to afford needed software.

What are the freedoms that enable people to form a community?

Freedom to make changes to software if you want to, share the software and make improvements to software and publish them for others as well.